

NEWS SUMMARY

GENERAL U.S. relaxes arms ban

BUSINESS Equities quiet; Gold down \$2 1/2

U.S. has told its major European allies that it will no longer try to block their arms sales to China, administration officials have confirmed. But American policy not to sell U.S. weapons to China or the Soviet Union remains unchanged.

Refugee ship steamer carrying 2,500 Vietnamese sent out an urgent appeal for international aid after being refused permission to land in Malaysia. The ship said that 500 aboard are sick after 17 days at sea.

V mast ruling ICC and EMI Electronics were able to pay damages to the I.A. an Appeal Court judge ruled, ending a marathon court case estimated to have cost more than £300,000 over the collapse of a television mast at Walsley Moor, near Wakefield, in 1969.

Secrets trial Judge in the Colonel B. erected trial at the Old Bailey created the jury to convict former army intelligence officer John Berry on a charge of leaking information to the press during his work.

Seamen rescued Eight seamen were rescued by the coast guard off the east coast of Ireland, after their ship sank in gale force winds.

Publisher's notice We regret that mainly due to production problems a number of readers have not received the newspaper or have received it later than is usual over the past four days. We apologise for the inconvenience caused and are taking steps to deal with the situation.

Poison alert ends British Sugar Corporation has risen the all clear on its Silver Poon white granulated sugar. The company said that all the sugar which could have been contaminated with rat poison at its York factory had now been accounted for.

Annals pledge Juvenile delinquents will get no soft option from the Government Social Secretary, Mr. David. Ronalds said. He told the Association of Directors of Social Services that he was establishing an inquiry into control of difficult adolescents.

Costs plea Address Vanessa Redgrave and her brother Corin asked the public to help them pay the £70,000 legal costs incurred in their 13-year libel suit against the Observer. They and five other members of the Workers' Revolutionary Party lost their case.

Briefly Texas pensioner received a Valentine card from his wife 22 years late because it was lost behind a machine in the local Post Office.

CHIEF PRICE CHANGES YESTERDAY (Prices in pence unless otherwise indicated)

RISES		FALLS	
Allied Retailers	136 + 3	Treasure 1985	137 - 1
Asda, Brit. Foods	85 + 3	Treasure 1990-91	133 - 4
Beazer (C.H.)	57 + 6	Centennial Est.	79 - 4
General Accident	192 + 4	Freemans	245 - 5
Hazards (J.)	181 + 6	Hammerman A	578 - 20
Heath (C.E.)	245 + 8	Hastemere Ests	224 - 6
HK and Shanghai	267 + 9	Hoskins and Horton	170 - 7
Minster Assets	61 + 21	Leeds and Catell	165 - 8
Ocean Wilsons	82 + 8	Joseph (L.)	162 - 5
Royal Insurance	247 + 9	Leeds Props	111 - 3
Tireville	347 + 3	Satchell and Satchell	95 - 10
Wardle (R.)	36 + 3	Speedwell Gear	25 - 5
Wolsley-Hughes	203 + 5	Wilson (Connolly)	136 - 7
Impole Plat	174 + 6	Ayer Hitam	320 - 15
Saint Piran	86 + 4	Durban Deep	321 - 15

Size of increase 'a shock,' says Shore Home loans up 2% in surprise move by building societies

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

BUILDING SOCIETIES faced a strong reaction yesterday to their surprise decision to raise mortgage interest rates by a record 2 points to 11 per cent.

The societies had been expected to announce an increase in the cost of home loans following Thursday's 2 1/2 point rise in Minimum Lending Rate to 12 1/2 per cent.

But yesterday's decision by the Council of the Building Societies Association to recommend a full 2 points increase in mortgage interest charges will come as an unpleasant surprise to the societies' 4m borrowers.

Mr. Peter Shore, the Environment Secretary, said that the size of the increase came as a shock.

He added: "It is unwelcome news to the millions of existing and prospective home buyers who will now be faced with this level of increase."

"I obviously share very much with the building societies the hope that the new rate will not prove to be necessary for long."

Mr. Hugh Ross, the Opposition spokesman on housing and land, described the increase as "a crushing indictment of this Government's economic mismanagement. House builders and house-buyers alike will pay the price of Labour's folly."

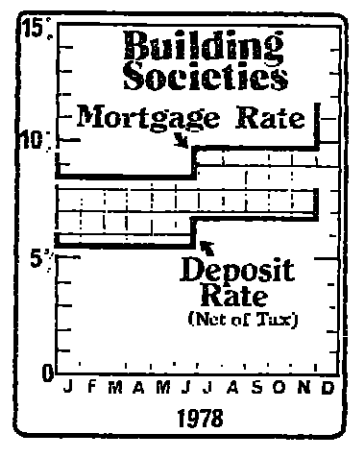
Mr. Ralph Stow, chairman of the societies' association, said that the rate of increase, to the highest level since 1976's 12 1/2 per cent, had been agreed on a majority vote.

A number of major societies had been in favour of deferring a rate increase for at least a month.

But, Mr. Stow said, "The M.L.R. increase was the major factor in swaying those who thought of delaying."

Mr. Stow, who has argued in favour of an immediate increase, said: "In going for a two point increase we have sought to strike a balance between adding to the cost of mortgages and ensuring an adequate supply of funds to sustain the present high level of lending for house purchase."

Editorial comment and why M.L.R. went up, Page 14



GROSS MONTHLY MORTGAGE REPAYMENTS ON 25 YEAR LOAN

Size of loan	Old rate (9.75%)	New rate (11.75%)
£5,000	45.05	52.25
£10,000	90.10	104.50
£15,000	135.15	156.75
£20,000	180.20	209.00

£800m long tap supplies sell out

BY MICHAEL BLANDEN

HEAVY DEMAND for gilt-edged securities yesterday enabled the Bank of England to take a major step forward in its efforts to fund the Government's borrowing requirement.

Following the sharp 2 1/2 per cent jump in the minimum lending rate on Thursday, strong buying developed as the market adjusted to the new levels of rates.

The new deposit rates, coming into effect from the beginning of December, are equivalent to a gross rate of return of just under 12 per cent to standard-rate taxpayers.

These higher interest rates reinforce the societies' position as signposts of more attractive investments than their main competitors, than bank deposits and the National Savings Bank's investment accounts.

Without the increase the societies felt "monthly net receipts would quickly fall away, reducing the ability of societies to help home-buyers."

Net receipts in October were, ironically, the second highest of the year, at £365m. A total of £1,488m was received from the investing public, and depositors withdrew £1,126m.

Home loans, totalling £738m, and a further £735m was promised to mortgage applicants.

Michael Blenden writes: Rises in the cost of bank overdrafts and of loans from the big instalment credit companies are likely next week following the further sharp jump in the level of interest rates.

The true interest rate on a loan to buy a new car, or on a

Continued on Back Page

Delta quits IATA over fare fixing

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DELTA AIR LINES of the U.S. has resulted in greater competition, and a big move towards substantially cheaper fares, reflected in big traffic increases.

Overseas, the U.S. has begun to negotiate new air agreements with several countries, emboldened by these principles. It recently signed a pact with West Germany. Each country has accepted substantially increased air services from the other, with cheaper fares, through "country of origin" rules each "country" of origin the fares on flights to the other.

The U.S. intends to pursue this policy elsewhere, but has already met resistance, for example, in Italy.

So far as the UK is concerned, the Anglo-U.S. Bermuda Two air agreement, signed a year ago, prevents any radical changes in the near future. But in the recent review of the pact in Washington, the U.S. pressed for more competition on the North Atlantic, which the UK resisted.

The U.S. Civil Aeronautics Board has made it clear that it does not like IATA, particularly its fare-fixing methods.

It has told U.S. member airlines that it will not approve any fare fixed through the non-competition and innovation in a standing IATA method of "fare."

Throughout 1978, the U.S. has been shaping a major new civil aviation policy, both domestically and internationally, under the influence of Mr. Alfred Kahn, the former chairman of the Civil Aeronautics Board, who is heading President Carter's anti-inflation drive.

In the U.S. this policy has nationally of 23,000 miles, and meant extensive deregulation of nearly 200 jets.

Postal profit expected—but charges may rise

BY JOHN LLOYD

THE POST OFFICE's postal business is expected to make a profit of about £30m in this financial year.

Even so it seems certain that postal charges will go up, probably by 1p on the cost of a letter, early in the new financial year starting on April 1.

The profit meets the Government's target of a 2 per cent return on its turnover, expected to be about £1.5bn.

Profit forecast for this year is about £10m lower than last year's surplus of £40.4m for the postal business, which was a record.

Though all the various postal services will show a profit this year, wages 80 per cent of the costs, have been slowly rising.

Negotiations on pay increases for the Union of Post Office workers are about to begin. It is certain that the union will seek consolidation of a number of allowances, which would add 4 or 5 per cent on the basic settlement.

Even on the optimistic assumption that the basic will turn out

The first, called Overlay, is on offer to all Post Office staff, and all but the UPW have generally welcomed it because it will pay them less than Post Office engineers.

The second, known as the manpower scheme, proposes that productivity payments be made in each area office according to the productivity of that office. The UPW is traditionally wary of schemes which mean substantial differences in pay between different areas.

In the next decade the postal business is expected to decline by between 5 and 8 per cent, as "electronic mail" begins to replace physically-carried mail.

Mr. Dennis Roberts, managing director of the postal service, said yesterday that there might be a case for changing the pattern of deliveries, with some residential areas no longer receiving mail early in the morning.

News Analysis Page 3

Varley may Bar Communist. Back Page

Union warns bread strike rebels

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of the bakery workers' strike were meeting last night to consider how they could prevent a rebellion against the stoppage by a minority of their members spreading.

Mr. Sam Maddox, general secretary of the Bakers, Food and Allied Workers Union, warned before a meeting of his executive in Leeds that members who were working in defiance of the strike risked swift expulsion from the union.

This would be the breeding ground of a fresh dispute. The industry has a closed shop, but bakers went back to work during the day, and they believe that more may defect from the strike.

Management staff at many of the strike-hit bakeries are continuing to produce bread, while 40 per cent of supplies come from bakers not affected by the dispute.

The union called the strike after rejecting a pay rise offer of 5 per cent plus a 6 per cent productivity deal in response to a 26 per cent claim. The Advisory Conciliation and Arbitration Service may try next week to bring the two sides together.

Unsettled

Though the absence of an issue provided some relief, the market remained unsettled. Prices at the shorter end closed with losses of 2, while at the longer end there were falls of 1. The old long tap stock itself closed 1 down at 193 1/2.

The Financial Times Government securities index dropped another 0.14 to a low this year of 67.92, bringing its fall over the past week to 0.86.

TUC to hear results of secret pay talks

BY CHRISTIAN TYFF, LABOUR EDITOR

A SPECIAL meeting of a TUC general council has been called for Tuesday to hear the results of a protracted series of secret talks between Ministers and TUC leaders which ended yesterday.

Although officials seemed confident yesterday that a statement covering price and inflation had been agreed, participants in the talks refused to say last night whether or not they had been successful.

Mr. James Callaghan said he would be briefed on the results of the talks over the weekend, and would then go to the Cabinet next week. Mr. Callaghan set out the Government's policy on incomes policy after the Labour Party conference in 1978. He challenged the TUC to come up with a realistic proposal.

Unless there has been a last-minute breakdown, the joint statement will talk about a "safeguard" clause in the price control legislation. The TUC would advise negotiators to bargain reasonably, and many employers would be asked to limit costs, wages and firms' profitability.

But there will be no pay figure as this would run directly against TUC policy. There will only be a joint declaration of the need to keep inflation below 2 per cent, and a call for regular monthly monitoring of costs by the TUC and Government.

This has caused some uneasiness and leading industrialists to be wary.

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OVERSEAS NEWS

Iranian opposition leader says strikes must go on

BY OUR FOREIGN STAFF

STRIKERS IN Iran received a boost yesterday when Dr. Karim Sanjabi, the leader of the main opposition party the National Front, declared that strikes against the Shah should continue and there could be no compromise with him or his recently appointed military government.

Dr. Sanjabi was speaking at Tehran airport after his return from Paris where he held discussions with Ayatollah Khomeini, the exiled Iranian religious leader who is the principal focus for opposition to the Shah. "We are not prepared to form a provisional government and we're

not going to participate in any coalition until our demands are met," Dr. Sanjabi said.

Elsewhere in the country the first serious demonstrations since military rule was imposed were reported to have taken place in Ahwaz, in the heart of the oil fields and the religious centre of the country.

Many shops and the bazaar remain closed in Tehran itself. The military government has said that it intends to take action against agitators behind the riots and is trying to get local religious leaders to help.

The new administration is also pursuing a tougher line against journalists. Almost all local

Bundesbank to keep tight rein on liquidity

BY GUY HAWTHIN

FRANKFURT, Nov. 10.

DR. OTMAR EMMINGER, governor of the Bundesbank, said here today that the West German central bank's efforts to restore order to the dollar market presented additional problems and risks to internal monetary policy.

The Bundesbank, however, would "in no way capitulate before these difficulties" or curb its stabilisation policies, he said.

Dr. Emminger, speaking in Frankfurt at a conference on credit policy, said the central bank would pay close attention to monetary expansion. The Bundesbank would not hesitate to step in and neutralise excessive liquidity.

The Carter Administration's programme for stabilising the dollar was a "fundamental turning point," he said. It was an equally fundamental change in the administration's attitude to the dollar, he said, and a "normal deficit country," and raise loans in foreign currencies rather than increase its swap lines with

Washington reticent on Somoza aid

The claim by President Anastasio Somoza that the Carter Administration has cut off all aid to Nicaragua in a conscious attempt to force his resignation is not being very strenuously denied in Washington, David Buchanan writes from Washington.

State Department officials, however, are reticent to say whether the aid to Somoza is being cut off or not, stating that the aim of the U.S. and of other member countries of the Organisation of American States is to bring about a mediated peace in Nicaragua.

Several capital markets would also be involved, he said. Only short-term loans were foreseen, with a maturity of up to about four years.

It would be caused for anxiety, on the other hand, if the "high-carat" American Deutsche Mark-denominated loans were sold to foreigners who first had to change dollars or other foreign currencies to Deutsche Marks to buy them. This would thwart the aim of the whole operation, he said.

World Airways and Jetsave sign £30m deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

JETSARE, the transatlantic cheap travel organiser, has signed a £30m (over £30m) three-year contract with World Airways, the U.S. independent airline of Oakland, California, for the lease of long-range DC-10-30 wide-bodied jets.

The DC-10-30, which seats 28 passengers, will fly between U.S. airports and New York, London, Paris, Rome, Frankfurt, Amsterdam, and other European cities.

Mr. Reg Pycroft, founder and chairman of Jetsave, said that the deal was the best ever bargain available to UK citizens. "There will never be a better time than now to take that holiday of a lifetime," he said.

Sadat peace talks suspension threat

BY OUR FOREIGN STAFF

PEACE talks with Israel may be suspended, Mr. Anwar Sadat, the Egyptian President, has said.

The disagreement between the two countries negotiating in Washington stems primarily from Israeli insistence that there be no link between an Israeli-Egyptian treaty and an agreement on the future of the

West Bank and Gaza. Mr. Sadat is demanding some form of linkage, but he was uncertain if the current disagreement would mean stalemate.

In Washington the treaty negotiations were interrupted yesterday when the two top Israeli negotiators Mr. Moshe Dayan, the Foreign Minister, and Mr. Ezer Weizman, the

Defence Minister, flew to Toronto to meet Mr. Menachem Begin who is on an official visit to Canada. They will discuss the latest Egyptian proposals with him and Mr. Begin said that all three of them might return to Jerusalem next week for a special Cabinet meeting on the Washington talks.

Bonn tax cut battle looms

BY ADRIAN DICKS

BONN, Nov. 10.

THE WEST GERMAN Government faces a fresh round of hard bargaining with the Christian Democrat (CDU) Opposition over its package of refashioning tax cuts, put together as Bonn's contribution to the international undertakings to support growth made at last July's economic summit.

The Bundestag also gave a first reading today to a government bill improving the protection of consumers from misleading advertising and to the Bill which would tighten the Cartel Acts, by making it harder for large companies to buy their way into industries dominated by smaller and medium-sized enterprises.

The package has once again been held up, after a first attempt at compromise was rejected by the Bundestag, the upper house of Parliament, in which the CDU-controlled state governments have a majority.

Chancellor Helmut Schmidt appealed to them today not to jeopardise West Germany's obligations to the rest of the world. But the Opposition appeared likely to continue to press for further tax cuts for business, higher child allowances and postponement of the increase in value added tax to 13 per cent.

In a separate decision last night, the Bundestag passed a largely technical bill bringing West German legislation controlling closed companies into line with the European Community's directives on liquidation.

The Bill, which the Bundestag has yet to ratify, includes a requirement that nominal capital must be fully subscribed, and a stricter interpretation of directors' dealings in their own companies' shares.

OECD inflation falls to 8.1% annual rate

BY ROBERT MAUTHNER

PARIS, Nov. 10.

INFLATION IN THE OECD area, which groups the Western world's industrialised nations, is currently running at an annual rate of 8.1 per cent, somewhat less than in 1977, when consumer prices rose by 8.9 per cent, according to the latest figures published by the Organisation's Secretariat.

In September consumer prices in the area increased by an average of 0.7 per cent, more rapidly than in August, when they rose by 0.5 per cent, but at the same rate as in June and July.

The faster increase in September largely reflected higher food prices in the U.S. and unfavourable seasonal developments in Japan and Italy, which offset the dampening effect of lower import prices.

With a rise of only 0.4 per cent in September, compared with 0.7 per cent in August and 0.5 per cent in July, the U.K.'s annual rate of inflation over the past 12 months has now dropped to 7.3 per cent from 15.9 per cent in calendar 1977.

The star performers, however, continue to be Switzerland and West Germany, where prices dropped by 0.3 per cent in September and rose at an annual rate of only 0.8 and 2.2 per cent respectively over the past 12 months.

Swedish unemployment fell in October to 89,000, from 108,000 in September, but is just above the 88,000 of October 1977. Reuter reports from Stockholm. Some 2.1 per cent of the workforce was unemployed last month, compared with 2.6 per cent in September and 2.1 per cent in the same month last year.

Japanese optimistic

Japan, the U.S. and West Germany will show tangible signs of improving balances in trade and economic growth by the end of this year, Takehiro Sogami, Vice-Minister of Finance for International Affairs, said on Friday.

Richard C. Hanson reports from Tokyo.

Sogami and Bank of Japan officials said the U.S. has not yet approached Japan about issuing Yen-denominated U.S. bonds in an effort to stabilise the dollar.

Reuter adds from Tokyo: Mr. Harold Brown, the U.S. Defence Secretary, left for home on Friday after a two-day visit, during which he implicitly criticised Japan for selling an 80,000-ton floating dock to the Soviet Union.

Mr. Brown said that Japan did not seem concerned about the possible development of a Soviet aircraft carrier to the Far East.

Swiss-U.S. talks. Monetary discussions between the Swiss National Bank and U.S. representatives were held in Zurich on Friday. The American spokesmen are believed to have the support of the Federal Reserve Bank of New York.

Bourguiba recovering. President Bourguiba of Tunisia has delivered a message to the Tunisian people saying he was able "to walk and sleep again."

New U.S. air routes. Some 22 U.S. airlines have reaped the benefits of the recent passage of legislation which will increasingly free their industry from Government regulation.

The Civil Aeronautics Board, which will be stripped of its regulatory functions by 1985, has allocated 248 so-called "dormant" routes to carriers which applied on a "first-come first-served basis."

Many airlines were seeking to expand their existing route networks and others to protect routes previously granted by the CAB but which they were not serving. The airlines now have 45 days in which to start flying the new routes they have acquired.

Swedish unemployment. Sweden's unemployment fell in October to 89,000, from 108,000 in September, but is just above the 88,000 of October 1977. Reuter reports from Stockholm. Some 2.1 per cent of the workforce was unemployed last month, compared with 2.6 per cent in September and 2.1 per cent in the same month last year.

EEC aid suspension. European Common Market Development Commission called on member nations on Friday to back a proposal which would suspend aid to the industry in Third World countries where working conditions are below international standards.

China may order RB-211 engines

BY OUR OWN CORRESPONDENT

THE POSSIBLE sale of Rolls-Royce RB-211 engines to China was discussed yesterday during a visit to the Derby factory by Mr. Wang Chen, Chinese Vice-Premier.

Mr. Wang has been closely associated with the programme under which military Spies engines are manufactured under licence in China, in a deal worth about £100m to Rolls-Royce.

Rolls-Royce has also sold Dart and Spey engines to China, and by the end of this year there will have amounted to nearly £100m.

Mr. Donald Pepper, vice-chairman of Rolls-Royce, said: "It is inevitable that China will be buying wide-bodied aircraft and our chances of selling the RB-211 to them are good."

The RB-211 is used in the Lockheed TriStar. The Boeing 747 Jumbo jet and the new Boeing 787 jet airliner.

"With China's desire to build up its technology and the standard of living of its people, there will be huge developments in areas where Rolls-Royce operates," said Mr. Pepper.

This would include engines for aircraft to develop China's transport system, and industrial engines for gas pumping and other uses.

Whitehall man for Rolls-Royce

By Our Aerospace Correspondent

MR. ANTHONY WARRINGTON, aged 49, under-secretary in charge of the air division of the Department of Industry for the last five years, has been seconded to Rolls-Royce, where he will be responsible for policy co-ordination and reporting directly to the chairman, Sir Kenneth Keith.

Mr. Warrington was director-general of the Concorde programme while he was at the industry Department, and has been responsible for all sections of the aerospace industry. In that capacity, he was closely involved with Rolls-Royce and with the discussions leading to the nationalisation of the industry and the creation of British Aerospace.

He has been closely involved in recent months with the successful negotiations for the 535 version of the RB-211 for the new Boeing 787 jetliner, and the new Boeing RB-432 of about 15,000 hours thrust for a new generation of short-medium haul jet airliners in the 1980s.

Spain, Portugal invited to inspect Gatwick

THIS GOVERNMENT has invited top officials of the Spanish and Portuguese governments to visit Gatwick Airport, Sussex, to satisfy themselves that it is a modern and suitable airport from which their national airlines can operate. No date for the visit has been fixed, but it is hoped it will be soon, writes Michael Donne.

The latest development in the dispute between the U.K. and Spain and Portugal over British Airways' desire to move the Spanish and Portuguese national airlines, Iberia and TAP, from Heathrow to Gatwick, was announced yesterday by Mr. Stanley Clements, David, Aviation Minister.

He told the Commons that it remained the Government's policy to move Iberia and TAP to Gatwick, to ease congestion at Heathrow, in spite of the Spanish retaliation in banning British chartered flights to Spain.

The Government wanted to allay the fears of Mr. Mason, the U.K. Secretary of State, that the Spanish and Portuguese airlines, being sent to a second-class airport, would be a disaster.

Ulster air link proposal may be put to Mason

BY OUR BELFAST CORRESPONDENT

THE POSSIBLE introduction of an air service between the U.K. and Northern Ireland using aircraft manufactured by Short Brothers in Belfast is under discussion in the Province.

Northern Ireland's Chamber of Commerce is urging consideration of a locally based operation which would use the 30-seater Short 330 on a route to Manchester or Birmingham. The proposal is likely to be taken up by the Northern Ireland Economic Council under a study of transport links between Ulster, the rest of Britain and Europe.

The chamber of commerce said that it hoped the council would put the proposal to Mr. Mason, the U.K. Secretary of State, and that which would use the 30-seater Short 330 on a route to Manchester or Birmingham.

Marks and Spencer store extension ready

BY LISA WOOD

MARKS AND SPENCER will the ground floor floor plan for its new store extension in the Boulevard Haussmann, Paris, been shown how the store will be extended to 67,000 square feet.

Since launching the store three years ago, the company has opened others at Rome, just outside Paris, and in Brussels and Lyons. It is planning more sites in Northern France, in spite of losses at Lyons.

The newly extended Paris store will have a bigger choice of Michael Kors, Shetland and other designers and tartans have become particularly popular with Parisians.

English specialty foods are in the store.

US trade envoy holds GATT talks

By Giles Merritt

BRUSSELS, Nov. 10. MR. ROBERT STRAUSS, President Carter's special trade representative, today indicated that there has been no change in the impasse over the GATT trade liberalisation package. The deadlock followed the ruling U.S. Congress' failure to extend the waiver to counteracting duties on a number of EEC products.

At the end of an overnight stay in Brussels, during which he met the EEC Commission President Mr. Roy Jenkins, and Commissioners Wilhelm Haferkamp, John Gundeck and Etienne Davignon, Mr. Strauss said this morning that although his discussions had been fruitful there remained problems. According to U.S. officials, Mr. Strauss was not prepared to give any undertaking for the waiver to be re-introduced by executive means.

Adrian Dicks adds from Bonn: Mr. Strauss agreed with Count Otto Lambstorff, the West German Economics Minister, that the political will to reach agreement in the Tokyo Round must be maintained. If an agreement is reached, the two sides agreed that the U.S. Congress' refusal to extend the Administration's waiver, powers had made the situation far more difficult.

Steel price move welcomed

By Our Own Correspondent

BRUSSELS, Nov. 10. EUROPEAN STEEL industry exports to the U.S. have greeted the Carter Administration's 7 per cent increase in the U.S. steel "trigger" price mechanism with undisguised satisfaction.

Although at first sight the raising of the trigger price appears designed to curb steel imports, it was pointed out that the effect of the move will probably increase steel prices throughout the European steel industry without damaging the present level of exports to the U.S. markets.

EEC Commission officials suggest that the U.S. duty will probably follow earlier patterns by readjusting their prices upwards by the equivalent of the trigger price rise, and that the present margins will remain almost unchanged.

ILLEGAL WORKERS IN THE U.S.

A STORM of protest has been aroused in California by the U.S. Government's newly announced scheme to build a 12-mile long "tortilla curtain" to stem the tide of illegal Mexican immigrants. The 10-ft tall steel-and-concrete barrier is to be constructed along two key stretches—one in California, one in Texas—of the 2,000-mile U.S.-Mexican border.

More than half of the nearly 1m Mexican arrested while crossing illegally into the U.S. last year were caught in those two areas, according to the Immigration and Naturalisation Service. And so, says INS chief Leonel Castillo, "It is an economical way to deal with the problem—better than hiring another 1,000 border patrol agents."

To leaders of America's fast-growing, 19th strong Hispanic community, however, the \$3.6m fence is an outrage. "It's President Carter's Berlin Wall," says Valma Martinez, president of the Mexican-American legal defence fund in Los Angeles. "We hope for his sake that Premier Brezhnev doesn't start making speeches from the Mexican side."

Chicano leaders around the country are bitterly opposing what Mrs. Martinez calls "this insensitive, short-sighted plan." The wall, they say, is a sorry substitute for social programmes, foreign aid and reasoned efforts to confront the economic disparity between Mexico and the U.S.

The first six miles of fence will run from the Pacific Ocean inland to Chula Vista, California, the remainder along the Rio Grande at El Paso, Texas. The formidable steel link chain barrier is embedded in a concrete wall angled towards Mexico. An overhanging, collapsible top is guaranteed: deposit would-be climbers back into their own country.

Originally, the makers—Anchor Post Products of Houston, Texas—planned to use razor-sharp steel which would remove the toes of anyone climbing it barefoot. But the INS has decided to look again at this feature. Maybe we can round off the sharp edges in the lattice-work base," said a spokesman. "Or something."

To many Hispanic leaders, the new wall—which is backed up by another miles of more modest barbed wire and the barrier of electric sensors of the type used in Vietnam—is an admission of defeat by the Carter Administration. The INS, they say, has no way of halting the flood of undocumented aliens from south of the border and the American businessman is not at all sure he wants it stopped.

The estimated 10-12m

Italy takes harder line on European monetary union

BY PAUL BETTS

ROME, Nov. 10.

THE ITALIAN Government's attitude to European monetary union has hardened considerably following the open opposition to the current Franco-German proposals by the Communist Party and increasing fears here that Britain may not join the new snake.

The Communist Party (PCI), on whose support the survival of the minority Christian Democrat government effectively rests, said at the end of a two-day conference on "The PCI and Europe" that it favoured only a gradual process towards monetary union.

However, the party was firmly opposed to a rigid European Monetary System (EMS) "pre-fabricated by the French and Germans," Sig. Giorgio Amendola, one of the older leaders of the PCI, said today.

For the PCI, monetary union must form part of a broader package of Community reforms to reduce the present imbalances existing between weak and strong countries.

The Communist Party's position on monetary union has clearly put pressure on Sig. Giulio Andreotti, the Italian premier, who is scheduled to hold talks in Luxembourg tomorrow with the Prime Ministers of the Benelux countries and with Mr. James Callaghan in London on November 22.

Although Sig. Andreotti has said Italy was politically committed to monetary union—a sentiment also shared in principle, at least, by the Communists—it has none the less stressed that a system similar to the present snake would represent too many risks for the country. It is also understood to regard the latest Franco-German offer of a wider 4.5 per cent band for weaker currencies as inadequate.

At the same time, there is increasing concern here that Britain may decide not to join, leaving Italy as the only weak member in the envisaged new system. In that case, Italy is also likely to stay out of the snake.

APR adds from Amsterdam: The Dutch Foreign Minister, Mr. Christiaan van der Klaauw, is not convinced that the European Community will reach agreement on the proposed European Monetary System at the December 4-5 summit in Brussels according to today's Dutch newspapers.

After talks with his Italian counterpart, Sig. Arnaldo Forlani, the Dutch official reportedly said that consideration should be given to temporary transition measures needed for stability.

It is important to maintain the enthusiasm for the Bremen Summit but also essential to prevent some countries from staying away from the EMS "as a result of an economically weaker position," he is reported to have said.

South African Government urged to resign

BY QUENTIN PEEL

JOHANNESBURG, Nov. 10.

MR. COLIN EGLEN, the leader of South Africa's official opposition, the Progressive Federal Party, today called on the Government to resign in the wake of the scandal over alleged misappropriation of former Information Department funds.

His call coincided with heavy selling on the Johannesburg stock exchange of the shares of two companies whose chairmen have been named in reports about the Information Department's clandestine operations.

The shares of Triomf Fertiliser, whose head, Mr. Louis Luyt, has admitted acting as a front man for the Department in its funding of the right-wing newspaper, The Citizen, recovered slightly today after a dramatic slump yesterday. The share price fell by 85 cents from 185 cents to 90 cents yesterday, wiping some R8m (£5m) off the market value. But the price stabilised at 105 cents today.

The other company affected was Horlors, whose chairman, Mr. David Abrahamson, has also been named. The company's shares fell from 305 cents to 280 cents today. Mr. Abrahamson has been identified as the director of a company, Homerus Finance Corporation, into whose bank account cheques from Mr. Louis Luyt are to be lodged in repayment of R12m of Information Department funds received to back The Citizen.

Mr. Abrahamson has denied any connection with Mr. Luyt. Opposition politicians attacked the Government's alleged attempts to cover up the growing scandal at protest meetings today around the country. Speaking in Cape Town, Mr. Eglen said the calling of the latest election, a Minister who resigned earlier this week from the Cabinet, have been identified as members of the three-man Committee.

Government backed by a phoney newspaper. The Government had therefore received a "phoney mandate."

Other opposition speakers challenged Mr. P. W. Botha, the Prime Minister, to name the third man on the special Cabinet Committee, which allegedly approved the secret projects of the Information Department. So far, Mr. John Vorster, the former Prime Minister and now State President, and Dr. Connie Mulder, the former Information Minister, who resigned earlier this week from the Cabinet, have been identified as members of the three-man Committee.

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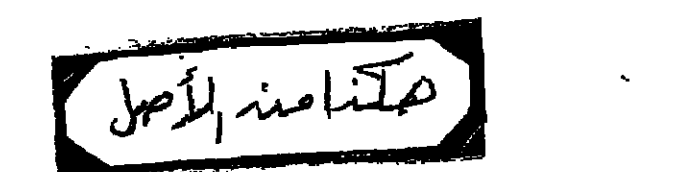
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The ones who didn't get away. Mexican "wetbacks" rounded up by U.S. border patrol guards after walking across the frontier.

THE WEEK IN THE MARKETS

Gilts shown the way

The gilt market had been waiting for weeks for the authorities to show their hand. On Thursday they obliged, with a 21 point rise in Minimum Lending Rate and an announcement of monetary targets for the next 12 months.

Gilt-edged stocks had been dull in the early part of the week and the unexpectedly steep rise in MLR stuffed a small rally and pushed the market nearly a point lower. But it did enable the Government broker to sell out the long tap stock. Exchequer 12 per cent 1999/2002, yesterday and make some sales of the medium tap as well.

The long tap was supplied at a level so low that the rest of the market slipped up to a further 1 point on Friday morning. The prospects for a revival were improved by the lack of a replacement long tap, which may allow this end of the market to firm next week, but the shorter gilts are still very much under the cloud of rising U.S. rates. The Treasury bill tender, at which the top accepted rate was as high as 12.1 per cent, showed that the London money markets are by no means sure that short-term money rates have reached their peak.

Equities had a very dull week, both in terms of volume and movement, with the FT 30-share index oscillating in a narrow range centred just above 370.

Sainsbury accelerates

The undoubted winner in the High Street food price war so far is J. Sainsbury. Wednesday's interim results showed that sales volume jumped by nearly a fifth in real terms, compared with an increase in industry food sales of just under 4 per cent. Moreover, net margins have been held at 2.9 per cent while those of other food retailers have been falling, and market share has soared at the expense of International Stores, the Co-ops, and the independent traders.

Based on Department of Industry figures, Sainsbury's market share has grown just over one point to 8.6 per cent.

LONDON
ONLOOKER

Whitbread shines

Whitbread is making up for the flat profit performance of a year ago. First half figures this week showed pre-tax profits surging ahead by £1m to £32m. Admittedly this growth is flattered by comparison with a period when industrial unrest clipped some £3m off profits, but even on its own, demonstrate how successful Whitbread has been in recouping its market share.

Volume is increasing faster than the industry average. During the first six months Whitbread's volume was up by some 3 to 4 per cent compared with an industry figure closer to 1 per cent. This progress is continuing, through into the second half and the company claims to have beaten September's industry rise of 2 per cent.

Autumn's fine weather has helped to push up beer consumption and the run up to Christmas should be good for wines and spirits. Also wine and spirit sales in January and February could be healthy as

Lucas on the mend

Although Lucas showed some progress in the second half it never really got over the effects of the tool room strike in the first half. Nevertheless, the much of the year the company's trading fortunes were reasonably buoyant.

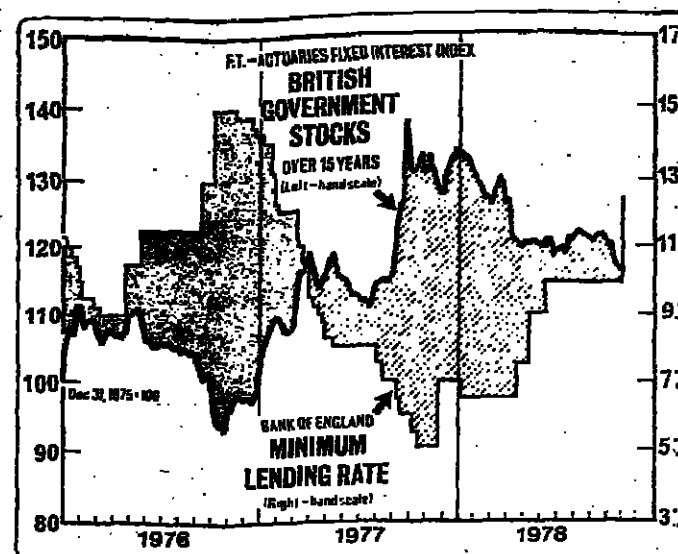
The tool room strike cost around £12m against the £11m originally suggested and exchange rate fluctuations also

clipped out a little on consolidation. The UK diesel fuel injection equipment business was hit by a sharp fall in tractor demand and technical delays held up the start of deliveries for the Volkswagen Golf contract. Overseas sales rose by 11 per cent and profits were £2.5m ahead of the previous year at £22.7m. The planned growth of the U.S. business continued with total sales up 50 per cent at £38m. Brazil, India and Argentina operations did well but subsidiaries in Australia were hit by the depressed level of economic activity there.

The outlook for the current year is clouded by industrial strife in the motor industry but, in general, results should be ahead of 1977-78. The diesel order book is good, Continental European activities are strong and the aircraft component orders are flowing in. The aerospace subsidiary is being reorganised and while its longer term future is bright, once-off associated costs could take the edge of current performance. Subject to the duration of the Ford dispute Lucas looks capable of earning around £95m pre-tax in 1978-79. The shares are trading at 300p giving a yield of 4.7 per cent and a p/e of almost 6.

AB Foods cautious

Signs that the bread strike may end sooner than expected left the shares of Associated British Foods 3p higher at 68p



Yesterday. This follows a 10 second half recovery at Fine Fare in the wake of the high street war, and long term optimism about South African consumer spending trends. Ranks Hovis McDougall, on the other hand, is much more exposed to baking yet the company's share price, bolstered primarily by an impressive yield, has suffered less in the past week. Strike losses in this case could total £3m a week just at a time when discounts have been dropped and Spillers' exit has reduced the competition. Brokers are looking for profits to August this year of £32m-£33m and, if all goes well, £40m-£44m in the current year. RHM's higher prospective earnings multiple—7.3 against ABF's 5.6—may reflect the attractions of income in a dull market.

MARKET HIGHLIGHTS OF THE WEEK

	Y'd Price	Week Change	High 1978	Low 1978	
Ind. Ord. Index	473.2	+ 0.8	535.5	433.4	Overshadowed by Gilts
Govt. Secs. Index	473.2	+ 0.46	78.58	67.92	Sharp rise in interest rates
Airflow Streamlines	38	- 6	52	31	Downturn in first-half profits
Allied Retailers	136	+ 39	143	53	Merger terms from Assoc. Dairies
Ash Spinning	57	+ 8	57	40	Good interim results
Assoc. British Foods	68	- 4	78	53	Bakery dispute
Bambors Stores	145	- 22	175	31	Persistent small selling
Bellway	73	+ 8	74	47	Annual results/prop. hive-off
Berjuntal Tin	215	- 15	385	200	State royalty demands
Brown & Jackson	220	- 24	280	24	Persistent small offerings
Conzinc Rietinto	250	- 24	334	148	Weak Australian markets
De La Rue	388	- 20	500	230	Disappointing interim results
Eva Industries	92	- 12	107	87	Interim profits setback
Haggas (I.)	181	+ 16	181	85	Possible merger situation
Hongkong & Shanghai Bking.	267	- 27	360	203	Weak Hong Kong market
Impala Plat.	174	- 6	230	128	Fall in platinum price
Sainsbury (J.)	227	+ 17	243	161	Good interim figures
Sotheby P.B.	315	+ 15	328	175	Results expected soon
Southern Kinta	205	- 15	245	140	General weakness in tins
Wardle (B.)	36	+ 5	36	17	Revived bid rumours

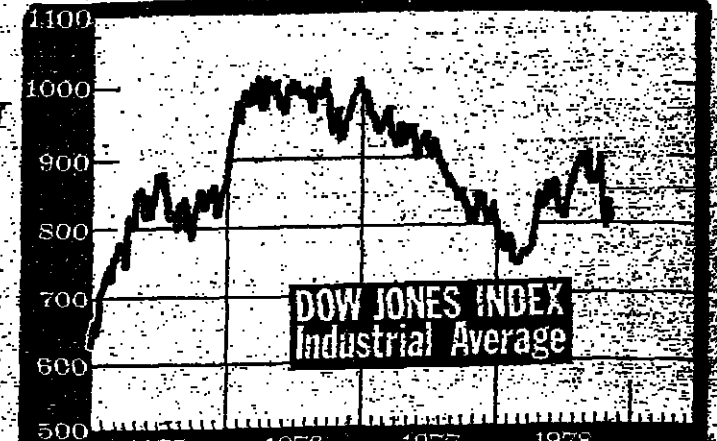
Caution from GM

NEW YORK, Nov. 10. MR. JOHN BUTTS is chairman of the board of American Telephone and Telegraph. Mr. Walter Fallon is chairman of Eastman Kodak. Mr. L. L. Moore Patterson is chairman of Morgan Guarantee Trust. Mr. L. Stanford Smith is chairman of International Paper.

As captains of Corporate America, they obviously have a number of things in common, but their importance this week is that they sit with a number of other notable business leaders.

GM needs no introduction, as the corporation with the largest to dollar sales in America, the giant of the auto industry and one of the most vulnerable to the peaks and troughs of the economic cycle. GM has not released an attendance register but on past performance most gentlemen would have been at Monday's board meeting participating in a decision to pay out a lower dividend this year than last despite the fact that GM's profits are likely to rise from \$11.62 per share to at least \$12.00 per share.

One wonders what implications for their own companies GM's outside board members saw in the company's need to improve its cash flow and hedge against an uncertain future.



GM's public explanation for the move left much to be desired. The Stock Market was in on October 31 was around 47 per cent of GM's 1977 unit sales of cars and trucks. According to a new survey by Value Line Investment Survey, the 58 year average pay-out for the Dow stocks is 57.5 per cent while the average dividend yield for the same 57 year period is 4.7 per cent as against an estimated present 6.1 per cent at the end of October.

Among other things this suggests to Value Line that even if there is a recession next year, dividends could still be maintained. However, a more important point for investors concerned with the immediate future of the market is the fact that profits as a percentage of current book value for the Dow stocks point to a return of about 10 per cent.

With the current long term interest rate on bonds at around 9 per cent this return falls very short of the 5 or 6 percentage points differential which the market has historically demanded to compensate for equity risk.

Thus, on this analysis, profits are too low and interest rates too high for the market to be in any genuine recovery, which might take the Dow back inside of the 1,000 mark. The U.S. Stock market could, therefore, be facing a protracted struggle to climb out of the doldrums unless the Carter Administration's hopes of 8 per cent real growth next year and an inflation rate of around 6.5 per cent are realised. At the moment, the smart money is not on the President.

But GM's decision, taken, it must be assumed, on the basis of careful analysis and by men who control spending plans, across a broad business spectrum, was seen as a tangible expression of anxiety.

As a result, the Dow Jones Industrial average tumbled 14.81, wiping out most of the gains remaining from the first euphoric reaction to the dollar package.

At 36, GM's pay-out ratio could be the company's lowest since 1949—around 50 per cent. It would still, however, be

U.K. INDICES

Average week to	Nov. 10	Nov. 3	Oct. 27
FINANCIAL TIMES			
Govt. Secs.	68.31	68.93	69.50
Fixed Interest	69.89	70.32	71.15
Indust. Ord.	472.8	477.5	489.9
Gold Mines	136.4	137.8	149.2
Do (Ex 5 Pm)	100.5	100.9	109.2
Dealings mld.	4,194	4,610	4,591

FT ACTUARIES

Capital Gds.	227.14	231.61	238.92
Consumer (Durable)	199.02	203.93	211.75
Cons. (Non-Durable)	201.81	204.45	210.68
Ind. Group	212.35	215.86	223.22
500-Share	245.74	239.05	246.46
Financial Gp.	159.53	160.23	163.72
All-Share	215.51	218.21	224.94
Red. Debs.	55.74	56.35	56.69

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Hoare Govett talks to the private investor

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No choice but to hang on

ONLY TWO of the world's principal nickel producers made a profit last year. Only two—the same two, Inco of Canada and Western Mining Corporation of Australia—will make a profit this year. Indeed, losses this year are accumulating more quickly than last year.

The parlous state of the industry is no surprise. Prices have deteriorated since the second quarter when the average price Inco received was \$2.24 a lb. Now it is receiving less than \$2.00 a lb, below the 1973 average, according to Mr. Charles Baird, the president, at a meeting of analysts in London this week.

MINING
PAUL CHEESERIGHT

But the prevailing wisdom in the industry is that prices are now bumping along the bottom. Mr. Baird was prepared to talk of temporary shortages developing in the early 1980s. Mr. Pierre Gosseland, the chairman of Amax, a relative newcomer to the industry whose 1977 pretax nickel losses were \$29.8m, sees supply coming into balance with demand after 1980.

And Mr. Baird rather wistfully pointed out to the analysts that quite small changes in the market had a sharp impact on earnings per share. Over the first three-quarters of the year Inco had earnings per share of 70 cents. Had nickel deliveries been 10 per cent higher, earnings per share on an annual basis would increase 19 per cent. If the price had been 5 per cent higher, earnings per share would have moved up by 24 per cent.

For his part, Mr. Gosseland calculated that Amax's nickel division would suffer 1978 losses less than half those of last year. The same trend has been apparent at Falconbridge, second to Inco in the Canadian and world industry. Its integrated nickel operations lost \$3.4m (£1.4m) in the first nine months of this year, against a loss of \$318.5m in the same period of 1977. But it was helped by the lower Canadian dollar and higher cobalt prices.

With the aid of sharp production cutbacks, the industry is hanging on, in the knowledge that its capacity could be inadequate in the mid-1980s. But that is rather long-term good cheer for its creditors,

who presumably are taking the view that a return then is better than a write-off now.

The West German, U.S., Japanese and Australian lenders to the ill-fated Greenvale nickel venture in Queensland of Freeport Minerals and Metals Exploration have made this calculation in agreeing to the third restructuring of the Greenvale debt, which is thought to be over \$500m. Repayments will stretch into the 1990s on present estimates.

At any rate, there are the beginnings of a more optimistic attitude towards the future of nickel, and this is finding its parallel in the copper industry. Mr. Gosseland last Tuesday said, "I am optimistic on the short term pricing situation for copper."

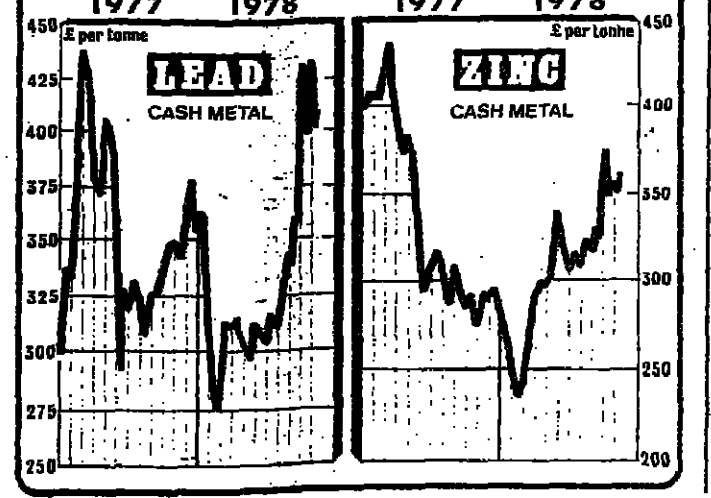
By contrast with both nickel and copper, tin has consistently been in short supply and looks like remaining so. The Malaysian industry, the world's largest, has not been able to raise production to meet buoyant prices. One reason for this has been the industry's

reluctance to invest in the face of higher taxes.

The tax situation is becoming more complicated because of a dispute about what is due to the federal Government and what is due to the states. In the middle of a row about this at the moment is Berjuntal, the country's largest producer and part of the Malaysia Mining Corporation.

The Perak state Government refused to renew part of Berjuntal's leases and instead granted them to a company it owns, Kemuning Perangas. This company is sub-letting the land to Berjuntal but only at the price of a 10 per cent royalty on tin production, and a start to negotiations on taking an equity stake.

The agreement effectively increases the revenue the state may expect to gain from tin, but it has not been accompanied by any adjustment in federal taxes. The immediate effect has been to make private investors shy of tin shares and there has been a general decline in the whole sector this week.



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GENERALI

YOUR SAVINGS AND INVESTMENTS 1

مكتبة الأمل

No tax please
we're foresters

PLANTING TREES is now a popular, if somewhat specialist, investment.

You may already be in on it via your pension contributions or insurance premiums. But opportunities for direct involvement have until recently been limited.

Over the past year, however, the publicly-quoted insurance company, Matthews Wragg & Co., has developed a complex and ingenious leasing scheme to put not only employed people but high tax payers, but also other landowners, to leave more to their children. Just at the moment there are many of high-earning employees anxious to take part. On the other hand, there is a shortage of suitable land and many are currently appealing land owners with under-used estates to join in and share in the scheme's tax efficiency.

The plan, which benefits from a range of tax incentives, should be viewed as a long term investment. There is no return at least 25 years, and even the income is modest. A small part of the scheme is the investment is eventually transferred to a child or other beneficiary who may have to wait until year 60 for a decent return.

To start with, Fountain Investments, a subsidiary of the owners and advisers on the scheme, offers a choice of contract terms. This can be complicated (for example, the contract may be for a period of 25 years, or 50 years, or 100 years, or even longer). The most important function of the contract is to determine the rent the investor pays.

Matthews Wragg & Co. points out that the owner has a choice: either an annual high rent (providing a high initial income) or a nominal rent (providing a low initial income) or a nominal rent (providing a low initial income) or a nominal rent (providing a low initial income).

At this point, the first tax incentive comes into play.

Private forestry development is now classed as a business and thus the entrepreneur is classified for tax purposes as self-employed. This means that development costs can now be offset against untaxed income at the highest rate you pay.

The next stage, some 10 to 15 years after the trees are planted and all development costs have been met, involves the transfer of the investor's lease to his beneficiary. The move, of course, will land him with a capital gains tax liability, but this can be minimised in several ways.

Being a business, the plantation will qualify for 50 per cent relief. In other words, the land will be given a market value but the investor will only

INVESTMENT

TIMOTHY DICKSON

pay CTT on half that value. The market value is likely to be relatively low. After 15 years the trees are still young and, apart from possible thinning profits after 25 years, a decent yield is still some way off.

You can, incidentally, defer CTT payments but if you can find the cash immediately it will save your beneficiary a bigger liability in years to come. The recipient now moves on to a new tax coding, Schedule B, which has been specially created for forestry developers and allows income from the matured trees to be treated as tax-free capital gains.

The big question is, of course, what return can you expect? With a new and relatively untried scheme investors will have to be content with projections. Fountain estimates that the yield to redemption should be equivalent to a compound annual return of five or six per cent net of tax. But remember the scheme does not 00 a year on this for a provide a running yield and it is, arguably, speculative—it is your guess what will happen to timber prices in the next 50 years.

If you have an endowment policy you may be in line for cheap credit. With bank overdraft costs shooting up, Eric Short surveys the interest rates charged by insurance companies.

Loans for the asking

LOANS ADVANCED by life companies on traditional life and endowment policies can be a relatively cheap way of borrowing. Yet very few policyholders take advantage of this facility. Instead, they offer the policies to their bank managers as collateral for overdrafts.

Most life companies are prepared to lend a very high proportion of the surrender value of an ordinary policy, perhaps as much as 90 per cent. Banks will also usually lend up to this limit, since the surrender value is a certain security provided the investor pays his premiums.

So what advantages does a direct loan hold over an overdraft? For a start, repayment is entirely at the option of the investor. The life company has no right to call in the loan irrespective of economic conditions. So the investor is insulated from the effects of a credit squeeze. With a loan from the life company, the investor can repay out of the proceeds at maturity

POLICY LOANS: HOW MUCH CAN YOU BORROW

This is the position which a man aged 44, who wants to borrow against a 15-year £10,000 with-profits endowment in force for five years, will face.

	Premiums Paid	Surrender Value	Amount of loan	% of S.V.	Interest Rate*
Ecclesiastical	3,437	3,774	3,395	(90)	13
Equity & Law	3,719	3,715	3,343	(90)	10
Norwich Union	3,465	3,557	3,020	(85)	12
Scottish Provident	3,629	3,773	3,020	(80)	12

* Companies reserve the right to vary the rate but they rarely do so. Rates may be higher for larger loans.

or on death if earlier.

Life companies' interest rates are lower than bank overdraft rates and tend to be fixed over long periods, for to get exemption from the 1974 Consumer Credit Act, life companies do not charge rates higher than 1 per cent over Bank of England minimum lending rate.

Life companies review their rates only after major changes in general interest rate levels. All policyholders have a

right to this loan facility, but the life companies do not publicise it. They are now even omitting to mention it in policy documents, but this is mainly to avoid problems with the Consumer Credit Act.

Life companies would prefer to provide loans only as a short-term expedient for policyholders in financial trouble. They find lending troublesome and the return is lower than on comparable fixed interest investments.

But with the premium now down from 50 per cent in the summer to around 35 per cent, Drayton will for the moment invest fully through the premium. The premium has taken a knock recently with fears that it will be scrapped. But Drayton's Duncan Mount thinks that practical politics will preclude both major parties from ending restrictions on foreign investment. Going through the premium also gives the new trust the full advantage of any further gains the yen makes against sterling.

Britannia after Banks

INVESTORS IN the Britannia unit trusts have reacted calmly to the departure of the group's managing director, Brian Banks, this week.

Mr. Banks, who has taken five colleagues with him to set up a new portfolio investment service, has a large following among unit trust investors since his Slater, Walker days. But Alan Maidment, one of the two executives promoted to the Britannia main board to take over Mr. Banks' responsibilities, reports that few investors have been panicked into selling their

holdings since rumours of the shake-up leaked out last week-end.

In the event investors are probably right to give the new leadership the benefit of the doubt. In terms of performance over the whole range of its funds over the last two years, Britannia ranks a creditable fifth in the league table of the 10 major groups of the industry. All but one of the investment managers directly responsible for the group's unit trusts are staying.

One point investors should bear in mind is that with the exception of the American and Far East funds, most of the group's trusts have for some time been on a "bid basis": that is, units are priced at the lower end of the range allowed under the Department of Trade's rules and so the group

UNIT TRUSTS

EAMONN FINGLETON

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Small is beautiful
with property investment

Large office blocks may look impressive, but in terms of yields and marketability small, high quality, retail outlets have important advantages. Such properties are more readily saleable and the values tend to be less volatile.

This is a view which has been held for some time by Lloyd's Life and their advisers, Chestertons—one of the leading firms of Chartered Surveyors. It is the principle on which the Lloyd's Life Option 5 Property Bond has been managed, and which has proved very rewarding. The Bond, which was established in 1974, now shows a gain of 52%.*

With the further addition of a shop property in Nottingham, the Fund is now virtually fully invested. This could be the right time for you to make an investment. The gross yield is 7.4% p.a. and Lloyd's Life believe that an Option 5 Property Bond will be an excellent long-term investment.

Lloyd's Life

The Company formed by Lloyd's of London, the world famous Insurance Institution

* Option 5 Property Bond from launch to 30th November 1978

If you have £2,000 or more available for investment and would like details of the Option 5 Property Fund, send the coupon to:

Lloyd's Life Assurance Limited, 20 Clifton Street, London EC2A 4HX
Telephone: 01-247 7699

Name

Address

Telephone number—Home

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Name of Insurance Broker (if any)

Every High Street bears the signs of Japan's success as an exporter, and more and more people are becoming aware of the growing economic strength of the whole Pacific region.

The wise investor will wish to make sure of a share in such obvious prosperity. That's why Midland Drayton are introducing a unit trust that concentrates its investment in the Far East, with the sole aim of capital growth—the new Japan and Pacific Unit Trust.

The Japanese miracle

During the twenty years to 1970 the Japanese economy grew to be the second largest in the free world in terms of output, exceeded only by that of the USA. Now recovering strongly from the inflationary recession of 1973-75, it is quite conceivable that over the next two decades the output of the Japanese economy may equal that of the USA.

Productivity per man-hour worked in Japan has doubled in a decade, and the country's share of world trade has risen year by year. These achievements have been reflected in a rise of almost 400% in the Tokyo stock market in the last 15 years.

The Managers believe that prospects for further growth are good, and intend to commit at least 80% of the fund initially to Japan.

The resources of the Pacific

Japan's position as the most advanced nation in a fast-developing region enhances the prospects for continuing growth in its trade.

Similar considerations should benefit the two trading centres of Hong Kong and Singapore, which are also likely to feature in the portfolio.

Hong Kong because of its position as a gateway for Western trade with China, and Singapore as the gateway to its neighbouring giant, Indonesia.

And with the addition of Australia and Malaysia, the trust will also be able to invest in companies producing a variety of precious metals and other valuable raw materials.

Prospects

Unit holders in the Japan and Pacific Unit Trust will benefit from the knowledge and skill of the investment managers, Drayton Montagu Portfolio Management Limited. They have wide experience in managing investment trust, unit trust, pension fund and other portfolios, and have specialised in Far Eastern securities for a number of years.

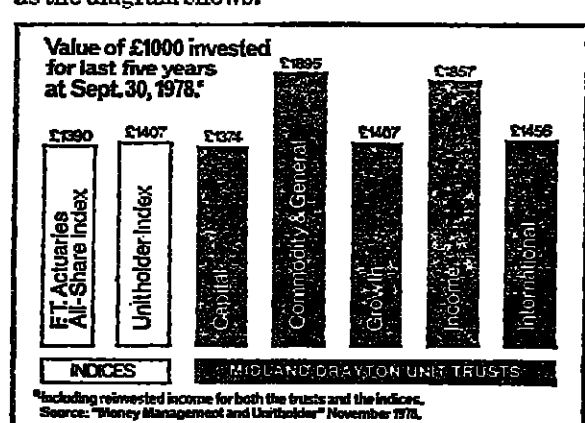
The Managers are confident that the long-term trend of Far Eastern equities will be upwards, but

investors should be prepared to invest for a period of some years. The initial gross estimated yield will be £1.00% p.a.

The price of units and the income from them can go down as well as up.

Proven performance

There are six other Midland Drayton Unit Trusts available to the general public, five of which have been in existence for the five years ended 30th September 1978. Four of these five outperformed the Financial Times-Actuaries All-Share Index over this period and three also beat the Unitholder Index, as the diagram shows.



The remaining trust is Midland Drayton High Yield Unit Trust, launched on 17th February 1977, which had also outperformed the F.T.A. All-Share Index up to 30th September 1978.

How to invest

You can purchase units in the new Japan and Pacific Unit Trust for any amount from £500 upwards. Just fill in the application form and send it to the address shown, or hand it in at any branch of Midland Bank, Clydesdale Bank or Northern Bank by Friday, 1st December 1978. A contract note will be issued and you will receive a unit certificate within 42 days.

Units can also be bought through our Savings Plans from £10 a month upwards and through our Share Exchange Scheme. For details, tick the box in the coupon.

Distribution Units. If you choose these, you receive income instead of capital. Income is paid quarterly on 1st April and 1st October. The first distribution will be made on 1st October 1979. Accumulation Units. If you choose these, the income is reinvested. The Units are limited to all investors. Buying and Selling. A contract note will be issued on receipt of the application form and you will receive a unit certificate within 42 days of the date of purchase. After this period, units can be bought at any time at the market price or sold at any time at the market price, in which case a charge will be made of 1% of the value of the units. Your reference certificate. Prices and yields are published daily in leading newspapers.

Charges. An initial service charge of 2% is included in the offer price of units. An annual service charge of 1% of the value of the Trust Fund is deducted from the Trust's gross income. Commission of 1% will be paid to recommended agents. Management. The Managers are Midland Bank Group Unit Trust Managers Limited, a subsidiary of Midland Bank Limited and a member of the Unit Trust Association. Investment Management. Drayton Montagu Portfolio Management Limited, Registered Office: 20 Clifton Street, London EC2A 4HX. This offer is not open to residents of the Republic of Ireland.

Midland Drayton Japan and Pacific Unit Trust
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Regular Investment Plans with life assurance provide one of the most cost-effective methods yet devised of accumulating a few thousands pounds. For every £ you save through the M&G Regular Investment Plan you will be able to claim 15p in tax relief, provided you pay at least at the basic rate and not more than one-sixth of your income is used for life assurance premiums.

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The future value of your Plan will depend on the investment performance over the years of the Fund you choose. A man of 35, for example, who started paying £20 a month into a Plan linked to M&G Recovery in April 1971 (when the Plan was first used in conjunction with this Fund), would have secured units of £4,410 by the end of October 1978 for a net outlay of £1,522. This Fund has been the best-performing M&G unit trust in recent years and its exceptional performance may well not be repeated. It does, however, demonstrate how

effective the Plan can be as a way of building up capital. Investors should regard unit trusts as a long-term investment and not suitable for money needed at short notice and should remember that the price of units may go down as well as up.

Regular investment of this type means that you can take advantage of the inevitable fluctuations in the price of units through Pound Cost Averaging, which gives you a positive arithmetical advantage, because your regular investment buys more units when the price is low and fewer when it is high. You also get life cover of at least 180 times your monthly payment throughout the period if your age at entry is 54 or under. An element of life cover is also provided for higher ages, up to 74.

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years. 81% to 94% of each premium (depending on your starting age) is invested, except in the first two years when an additional 20 per cent is retained to meet setting-up expenses. After two years, therefore, the amount invested will, in most cases, represent more than 100% of the net amount you pay after tax relief is taken into account. When you terminate your policy you will receive a cash sum.

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DATE OF BIRTH...
OCCUPATION...
NAME AND ADDRESS OF USUAL DOCTOR (to whom reference may be made)

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If you cannot send Part I of the Declaration below, delete it and send Part II. Declaration Part II declares that, to the best of my belief, I am in good health and free from disease, that I have not had any serious illness or major operation, that I do not engage in any hazardous sports or pursuits, that I do not engage in aviation or other activities involving unusual risk, and that no person on my life has ever been adversely affected. I understand that all this is which are likely to influence the assessment of the premium. If you are in doubt as to the relevance of any particular information, you should disclose it, as failure to do so may affect the benefits payable.

Part II declares that the premium will be paid by me or my spouse, and the part of the premium will be retained in the U.K. I agree that any declaration made by me in connection with the proposal shall be the basis of the contract between me and M&G Trust (Assurance) Ltd. and that I will accept their customary form of policy. I agree to provide any further information the company may require. (A specimen of the policy form is available on request.)

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I/we declare that I/we are not resident outside the United Kingdom and that I/we are not acquiring the units as the nominee of any person resident outside these territories. If you are unable to make this declaration it should be deleted and the application lodged through a Bank, Stockbroker or Solicitor in the United Kingdom.

Signature... (In the case of joint applicants, all must sign)

Please send me details of your Savings Plan and Share Exchange Scheme (if applicable)

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entry to English language equalled 52 per cent of the total. So the pass rate of that year cut off, not the top quarter but the top 30 per cent.

In 1976, with a total age group of 739,000, the English language entry represented 61 per cent. The pass rate therefore cut off an even larger share of the ability range—37 per cent.

While somewhat crude, the differences are surely big enough to suggest clearly that the English was harder to pass in 1968 than in 1976.

But in both years it was far easier than O-level maths, which in 1968 cut off only the top 36 per cent of the age group, relaxing to 21 per cent eight years later.

Other subjects were apparently harder still. The shares cut off in French stiffened from 12 to 12 per cent, the corresponding shares for physics from 8.1 to 11 per cent, and in chemistry from 7 to 9 per cent.

So the challenge to the educational politicians is plain. Either they must prove that the above discrepancies are imaginative or they must stop pretending that GCE Ordinary levels constitute anything worth of.

But if they do neither, at least we shall know that the cause of their misrepresentations can no longer be just ignorance.

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PROPERTY

Do it yourself—or don't

BY JOE RENNISON

IT HAS been argued in these columns before that whereas do it yourself conveyancing might be a good thing in principle, it is not for the average man. One would need to be a civil servant or a journalist to have enough time to wade through the form-filling and legal gobbledygook to make it worth while. Most of us are too busy and/or too lazy to think of doing it ourselves. We might, however, be cross about the cost—when it is too late, of course. It would seem that most of us are quite content to farm out the legal work to others.

Using a solicitor is still the most popular method of conveyancing, according to a survey by the Alliance Building Society's Housing Research Unit.

Seventy-seven per cent of house buyers felt that solicitors were helpful and 72 per cent



A price in the region of £40,000 is sought for Quarry Cottage, Quarry Lane, Gnosall, Stafford (above) a delightful stone built house, believed to be of 18th century origin with an 11th century quarry in the garden and mooring on the Shropshire Union Canal. Helen Edwards of John German Ralph Pay, the agents, says the old quarry, long disused, offers many horticultural and recreational possibilities. There is direct access from the garden across woodland fenced paddock, extend to 1 1/3 owned by the British Waterways Board, leading down to a 70 ft mooring, let to the present owner, Doctor P. D. Eron, on an annual licence of £40. The accommodation provides an entrance hall, sitting room with fireplace and French doors to the garden, dining room with quarry tiled floor and French doors to the garden, kitchen and utility room on the ground floor. On the first floor there are 4 bedrooms, a bathroom and shower room. The gardens and grounds, including a small fenced paddock, extend to 1 1/3 owned by the British Waterways Board, leading down to a 70 ft

found that solicitors and their staff were readily available to give advice. No less than 61 per cent said that their conveyancing was done quickly, which helps dispel the myth that solicitors are largely to blame for delays in the house purchase process. In fact, other unit shows that the length of time in exchanging contracts experienced by many house buyers is directly linked with the length of the chain of buyers and sellers in which they become involved.

Solicitors' fees were revealed as being a somewhat contentious matter, but there is a distinct trend towards house buyers acknowledging that such fees are reasonable. Of those who bought their houses over 10 years ago only 21 per cent thought that their solicitor's fees were justified, while only 38 per cent of those who had purchased a house in the past year thought that the fees were too high.

Interestingly, the more frequently a householder buys a house, the more he is inclined to feel the solicitors' fees are justified. However, 65 per cent of first-time buyers thought that the fees were too high and this may be a reflection of the fact that, in the struggle to save for the down payment on the house, peripheral expenses are often not fully taken into account.

Regionally, opinions on the services of solicitors showed little variation, but Scottish solicitors came top on this score. Solicitors in the Eastern counties, however, were less favoured than in other parts of England.

Despite the house buying process bringing a certain amount of stress and uncertainty to both buyers and sellers, the report presents an encouraging picture for solicitors and compliments them on the way they serve their clients.

If, however, you are still determined to go it alone a recently published book* on the subject could be of some help. The blurb describes it as a "book to save you hundreds of pounds if you are buying or selling a house." Apart from the cost of the publication itself (£4.55) it seems to me it could lead to great cost in buying



£40,000 is also expected for beamed ceiling, kitchen, bath, room, 2 pantries, storeroom and stairs from the kitchen to a storeroom (14 ft x 13 ft 2 in) and attic room (25 ft 4 in x 14 ft 9 in). There are stairs from the dining room to a landing and 5 bedrooms. There is an extensive range of traditional farm buildings including a dairy shed, cow shed for 20, cow shed for 10, barn with 2 loose boxes, grain store, silage shed, a 3-bay implement shed. The property, which has great potential, requiring modernisation and improvement (that is, it is dilapidated), includes an entrance hall, sitting room, dining room with deep inglenook fireplace and fully Burton.

reading the book would send most people screaming to their solicitors. Take, for instance the check list of what needs to be done at just one stage in the proceedings.

- 1 — Compare abstract of title (or copy entries, if the title is registered) with originals.
- 2 — Collect originals of abstracted deeds (or land/charge certificate, if the title is registered).
- 3 — Collect signed vacating receipt (or form of discharge, where the title is registered) in respect of the mortgage dated . . .
- 4 — Obtain vendor's solicitor's certification that entry revealed by land charges search does not relate . . .
- 5 — Obtain signed application for cancellation of registration protecting the rights of the vendor's spouse to occupy the matrimonial home.
- 6 — Collect NBHC Certificate, Agreement and assignment.
- 7 — Examine last receipts for ground rent, and general rates.
- 8 — Collect purchase deed executed by vendor.

PROPERTY

ESTATES AND FARMS: INVESTMENTS: SHOOTING: COUNTRY PROPERTY: OVERSEAS PROPERTY:

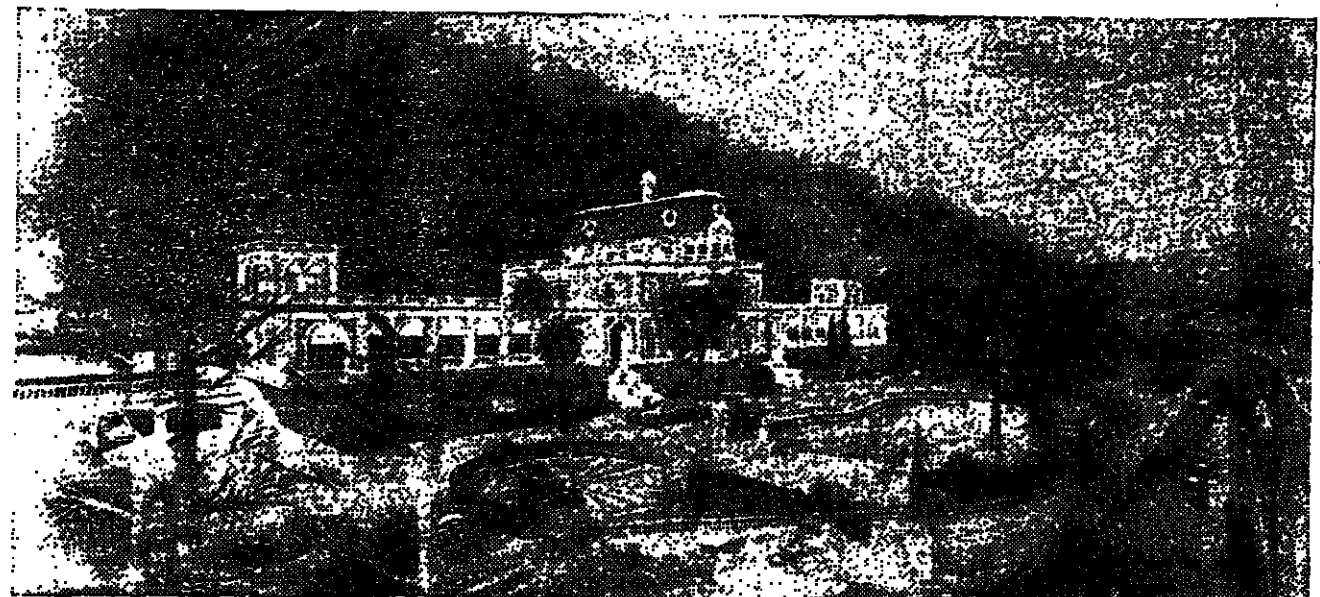
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Financial Times

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BOOKS

What did Bobby want?

BY C. P. SNOW

Robert Kennedy and His Times by Arthur M. Schlesinger Jr. André Deutsch, £10.95, 1,066 pages

This new book of Arthur Schlesinger's is crammed with interesting things. It is also so fervently enthusiastic that temperate comment becomes difficult.

Schlesinger says in his foreword that he was a devoted friend and admirer of Robert Kennedy. He also says that the last thing Kennedy would have wished was being worshipped.

Well, he may not have wished it. But he has got something near it. Nevertheless, this biographical treatment works. Against the grain of several prejudices I finished the book with far more regard and affection for its subject than ever before. I fancy that won't be unusual on this side of the Atlantic. In its biographical impact the book is close to an unqualified success.

There are, of course, as in all Schlesinger's work, more commonplace virtues. More detached historians will reverse quite a good deal about the J.F.K. administration, the politics of contemporary America, and the personalities of the entire Kennedy clan. In the administration and in Robert Kennedy's political campaigns, Schlesinger was not only a privileged observer, but also a participant and a passionate partisan.

He is a born partisan. This gives the book, it gives his previous work, its gusto and its warmth. But it does make it something different from history as we normally understand it today.

One is sometimes reminded of Alcazula, another born partisan. He might have written with similar fervour about the Melbourne administration in which he, a predecessor of Schlesinger, performed as a participant. Schlesinger would have written better—since he had verbal control even when Whig confidence was running away with him, while Schlesinger fairly often can't make his passion muddle the precision of his words. This doesn't happen in those parts of the book when Robert Kennedy is shown in his darkest troubles, after the killing of his brother and again, four years later, when he was in conflict with his destiny. In those states Robert Kennedy revealed the depth of his nature, and was at his best. Schlesinger's description is strong and moving, and the writing, throwing off its excesses, becomes simple, seared by controlled emotion, grave.

There are, of course, as in all Schlesinger's work, more commonplace virtues. More detached historians will reverse quite a good deal about the J.F.K. administration, the politics of contemporary America, and the personalities of the entire Kennedy clan. In the administration and in Robert Kennedy's political campaigns, Schlesinger was not only a privileged observer, but also a participant and a passionate partisan.

The flaws in his kind of partisan history arise in some singular omissions, and also when Schlesinger is going to inordinate lengths to justify the Kennedy's political misadventures and mistakes. J.F.K. was first and foremost a professional politician, brought up to the manoeuvring of American machine politics, and apparently enjoying them. In the 1950s he knew and said that neither America nor any western country could win a war in South-East Asia. When he was President he didn't get out of Vietnam. He made concessions to anti-Communist crusaders, increased the military investment, apparently dickered with techniques of withdrawal. But he couldn't withdraw, because that might put at risk his second term.

Robert Kennedy, after similar political calculations, spent months wondering whether to run for the Presidency in 1968. Those hesitations did harm to the causes in which he fiercely believed. In both cases any politician would have done the same as they did. It is true, one is horrified on and off throughout the book at the man-hours, the incessant mental effort, which some of the most intelligent of men had to spend on petty political jobs. This is probably true anywhere, but carried to the limit in the U.S.

Robert Kennedy was a supreme political manager. As a very young man, he was directing his brother's election as Senator for Massachusetts. He had total capacity for detail, preposterous energy and confidence. How the senior politicians succumbed to

him, is something of a mystery. It seems to have been partly due to the American veneration for great riches, irrespective of how they had been acquired. It wouldn't have been possible here. He behaved very much like a great landed magnate in 19th century England at the age of 25, assuming that he ought to have a top place in government.

But Robert was much more interesting than one more master of political power. He had extreme courage, and courage of a high kind, since he was not at all nervous, and knew too well what death was like. On the evidence, he didn't have a coherent political philosophy, but he had profound political instincts. He began as an opportunist, looking for the main chance. That did him harm with comfortable liberal opinion. But then he was a liberal. He wanted power. Many men want power. What made him different was, he wanted to do something with the power. He was thought to be a callous and cold-blooded operator. Schlesinger convinces us that this was, in the most essential sense, the opposite of the truth.

No one in his time knew American politics as well as Robert Kennedy. No cold-blooded operator of men had to spend on petty political jobs. This is probably true anywhere, but carried to the limit in the U.S. Robert Kennedy was a supreme political manager. As a very young man, he was directing his brother's election as Senator for Massachusetts. He had total capacity for detail, preposterous energy and confidence. How the senior politicians succumbed to

of Americans were prosperous enough. Playing the game as he of all men knew how to play it, he could have secured enough of them to give him the Presidency on a plate.

It was a stroke of human genius to feel—feel rather than think—that that wasn't worth his while. It was a stroke of political genius to use his identification with the wretched so powerfully that, if he hadn't been murdered, he would have lost the Presidency on his own terms.

My final impression from Schlesinger's book, in spite of its excursions into what psychologists call horns-and-haloes, surprised myself. I came to think that J.F.K. Kennedy, if he had survived, though he would have performed with grace and style, wouldn't have achieved so much. He was much more a conventional politician than his brother, very much like those Whig politicians whom this country knows all about. He bears some resemblance to Asquith, cultivated, detached, impressive. The idol of intellectuals who were not interested in the purposes of power.

Robert Kennedy, on the other hand, was unlike anyone this country has produced. I don't believe much in the influence of individual men on the fates of great countries. But I am inclined to believe that if he had lived, he would have done things as President that no other American could have done. Some of the rich society. That quite possibly, disastrous. Some of the rich society. That quite possibly, disastrous. Some of the rich society. That quite possibly, disastrous.



Olivia Manning: author and cat-lover. Her new novel is reviewed below.

Fiction

That Summer

BY ISABEL QUIGLY

The Battle Lost and Won by Olivia Manning. Widenfeld and Nicolson, £4.95, 185 pages

Two Brothers by Stanley Middleton. Hutchinson, £4.95, 224 pages

Office Life by Keith Waterhouse. Michael Joseph, £4.95, 236 pages

The Battle Lost and Won is a sequel to *The Dancer Tree* and carries some of Olivia Manning's Balkan Trilogy characters on through the summer of 1942: Cairo and the desert, where the battle of Alamein is starting up in the capital, women and their love affairs, entertainments for the troops; in the desert, an account (amazing from someone who presumably wasn't there) of vast troop movements, huge-scale manoeuvres, crescendos of noise, whirlwinds of sand, unimaginable suffering—men fired in tanks, bleeding to death with both legs blown off, tripping everywhere over mines in a world festooned in booby traps. Harriet Pringle and her husband, Guy (from the four other books) are not quite odd but pretty close to them. Harriet is with too little to do. Guy far comes near to death, and shakes too much. Endlessly and guiltily up his immediate family too: occupied (since he can't get into the army) with his non-military duties in showing the cultural fluff-past-propaganda to the diplomat, part showman—he neglects and misunderstands her. *Office Life* is a funny book with kindly intentions, absent-mindedly. Control, detachment, organisation—sure that the denouement

tion, a kind of passionate orderliness—these are what's needed in moving back and forth between the historical and the personal, the public and the private. Olivia Manning impresses with each book more impressively, I think—how to do it without seeming to change gears, certainly without grinding them. It is the desert with its battle and physical terrors, its minefields and nightmares, that seems the place of youth and even innocence of a kind; Cairo, physically safer, that seems the place of disease and infection, and of all the spiritual excesses of people exasperated by the nervous furies of war and displacement. Impossible to make Stanley Middleton's action sound like anything in particular. And this is no adverse criticism. The best novels often have the most pitiless-sounding plot, or at least the most indestructible. Two Brothers is about just that. It is a famous school textbook material: Jack, a businessman, rich and successful, in their middle band Guy (from the four other books) are not quite odd but pretty close to them. Harriet is with too little to do. Guy far comes near to death, and shakes too much. Endlessly and guiltily up his immediate family too: occupied (since he can't get into the army) with his non-military duties in showing the cultural fluff-past-propaganda to the diplomat, part showman—he neglects and misunderstands her. *Office Life* is a funny book with kindly intentions, absent-mindedly. Control, detachment, organisation—sure that the denouement

works. What counts is travelling hopefully towards it. Keith Waterhouse is funny in the pleasantest way: tolerant, even tempered, unmalicious, but with the sharpest of ears. His novel is about offices in a society that scarcely needs them, about the pointless tasks performed with Parkinsonian excess and thoroughness by people when machines that need no teabreakers could do them very much better.

Clem Gryce is a clerk, a lifelong, snug and happy inhabitant of a familiar, unambitious world of luncheon vouchers and form-filling, of what he and the others call "bumph". Nothing, nothing at all, is produced. Bumph generates bumph and teabreakers generate tea-girls.

British Albion is like so many other groups of companies that there seems little reason to question it. But even the insurance firms find it rather bumpy to do it. Secretary and bureaucracy run riot? And how about the dramatic group whose Wide rehearsal suddenly turns into a subversive meeting with Lady Bracknell in the chair?

The language rings beautifully. "Believe you me," they say, "no names no pack-drill, that's about the size of it, for my sins." "Mark you," in the sweet by-and-by, "come again, rather slowly and late, and I'm saving your presence," much forrader.

Body line

BY DR. DAVID CARRICK

The Body in Question by Jonathan Miller. Jonathan Cape, £7.95, 352 pages

Jonathan Wolfe Miller, son of a psychiatrist who was very well known during his lifetime, is himself a registered medical practitioner.

But, since that day in 1959 when he qualified at Cambridge, his name has been associated not so much with the field of medicine as with the world of the arts. He first became known as a member of the notable *Beyond the Fringe* group, a remarkable show that launched its members into the world of theatre and television.

Jonathan Miller was probably the most outstanding of the group, and within a very short period of time he began a rapid ascent in the theatrical world. In less than 20 years he has achieved great distinction as a director of plays and films, his versatility allowing him to be as successful in works as far apart as *Alice in Wonderland* on TV

and the very many Shakespearean comedies and dramas which he has directed. Evidently he is a man of rare talents and extraordinary intelligence.

In *The Body in Question* he is writing as a doctor. No mean feat (indeed, he had a Fellowship in the History of Medicine at University College, London, for three years) he is well qualified to write in this sphere. His knowledge of the subject and first-class understanding of the world of the arts appears very plainly. The book is an offshoot of his current TV series.

The book's value is as a guide to the working of the human body, and he has a rare facility for drawing comparisons between human physiological functions and mundane machinery of various types. Unquestionably this may prove of use to many lay people to whom the ordinary workings of their bodies are most mysterious.

Unfortunately, as a natural extension to these comparisons, and because his scientific know-

ledge is most evidently superior, both quantitatively and qualitatively, to his clinical knowledge and experience, he has a very strong tendency to regard diagnosis and treatment in a manner most mechanical. His notion that "falling ill" is a matter of choice undertaken by a patient because the poor soul happens to be feeling strange is entertaining and pretty plausible. How pleasant it would be if a physician could follow this line of reasoning, and persuade a sad soul who is in the grip of a malignant malady that his sufferings are due to such and such a physiological and pathological disturbance and therefore are of little moment, save from the research point of view! Compassion, sympathy and empathy, surely functions and humane machinery of various types. Unquestionably this may prove of use to many lay people to whom the ordinary workings of their bodies are most mysterious.

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Goliath Heron—one of the illustrations in "The Herons of the World" by James Hancock and Hugh Elliott with paintings by Robert Gillmor and Peter Hayman and a foreword by Roger Tory Peterson (Croom Helm, £45.00). It is a sumptuous volume portraying 61 species of herons in their natural habitats.

Evil or catalyst?

BY ANTHONY ROBINSON

Euro-Communism—its Roots and Future in Italy and elsewhere edited by G. R. Urban. Maurice Temple Smith, £7.00, 287 pages

The "spectre of Euro-Communism" which haunted the corridors of power on both sides of the great ideological divide prior to the Italian and French elections has diminished, somewhat now that the Italian Communist party is enmeshed in a position of responsibility without power, and the French left is in disarray after its self-inflicted electoral defeat.

Yet the attempt by the leading Communist Parties of Western Europe critically to re-examine their Stalinist past and come up with a "democratic" model remains one of the most important, and ambitious, political phenomena of the last decade.

In his *Euro-Communism—its roots and future in Italy and elsewhere*, Dr. Urban interviews leading Euro-Communists, historians and outside observers like the Jesuit Bartolomeo Sorge and Russian dissident Andrei Amalrik. He probes deeply into the inconsistencies, ambiguities and paradoxes implicit in the Euro-Communist attempt to evolve national policies while remaining internationalist, accept Parliamentary rules while preaching revolution, extend internal democracy while retaining democratic centralism.

Although the honour of defining Euro-Communism is given to the Spanish Communist Manuel Azorin, the story of the French party's retreat from Leninism is retold by Jean Ellenstein, one of the leading French Euro-Communists. It is the history theory and practice of the Italian party which concerns most of the book.

It could hardly be otherwise. Thanks to the theoretical works of Antonio Gramsci the Italian socialists had not given up hope of a new system, but were sufficiently reformed to be viable again but views the coming to power of "Communism" all Italian not as a solution to Italy's problems but a mere postponement of the crisis. "The sequence of Communist anarchy leading to fascism leading to Right-wing authoritarianism is a self-perpetuating evil."

It is not the sort of answer which will please those who see Euro-Communism as a solution, or at least a catalyst to inject more democracy into the rigid systems of the East and more purpose into the social democratic of the West. But it is typical of the thought provoking analyses in which this excellent book abounds.

and the idea of dictatorship of the proletariat conceived in terms of ruthless leadership by a small band of dedicated revolutionaries. But it is the Italian party, which obtained nearly 35 per cent of the votes at the last general elections in 1976, which has been most successful in binding up an authentic mass of voters in an authentic mass of voters by playing the parliamentary rules.

How is this possible in such an individualistic country? Triumph of faith over reason was Henry Kissinger's brief conclusion. But a much more penetrating analysis is found in four of the most fascinating chapters of this book devoted to various aspects of the relationship between Italian Fascism and Communism. Much of the post-war prestige enjoyed by the Italian Communist Party derived from its resistance to Fascism. But many of the comfortable myths about Fascism in Italy have been exploded recently by Italian historians, notably Renzo De Felice's multi-volume biography of Mussolini.

Fascism, according to the Di Renzo interpretation, enjoyed far more popular support than has hitherto been admitted and although its torch-bearers and socialist wing lost out fairly soon to the establishment of large landowners and industrialists its ideological origins and resentments it channelled were not so far removed from those of the Communist Party. Togliatti himself was one of the first to recognise and analyse the mass nature of Fascism.

Dr. Urban, whose profound but intelligent scepticism about Communism in general and its ability to become democratic without ceasing to be communist shows through every question, asks at the end of his interview with De Felice: "Italy's choice between dictatorship and dictatorship?"

Di Felice answers that he perceives Italy has not given up hope of a new system, but were sufficiently reformed to be viable again but views the coming to power of "Communism" all Italian not as a solution to Italy's problems but a mere postponement of the crisis. "The sequence of Communist anarchy leading to fascism leading to Right-wing authoritarianism is a self-perpetuating evil."

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A Dictionary of Hinduism: Its Mythology, Folklore and Development, 1500—B.C.—A.D.—1500 by Margaret and James Stutley. Routledge and Kegan Paul, £12.50, 372 pages

This is an absorbing and stimulating book. Twenty years hard labour has gone into its compilation. Students of the world's oldest religion will find it invaluable. The German philosopher, Count Herman Keyserling in his "Travel Diary of a Philosopher" observed that "He who dwells in the World of the Hindu is subject to influences and experiences unknown to others." Hinduism is something more than anism. It covers life in all its aspects and God in all his Avatars and manifestations. It is not derivative but a unique and original amalgam of divine beliefs, spiritual insights, profound observations on the meaning of life and the human predicament. Western philosophers in the 18th century rediscovered India's past for the world. Max Muller's contributions were known. He did much to undo the damage done by historians like James Mill and Macaulay.

In 1881 John Dowson brought out his "A Classical Dictionary of Hindu Mythology and Religion, Geography, History and Literature." Useful as it was, it was a limited work derived entirely from the publications of European scholars. More recently Mr. Benjamin Walker gave us "Hindu World" which he named to be "An Encyclopaedia of Hinduism." It raised some eyebrows among orthodox Hindus.

The Stutleys may well have given us the authoritative work on the subject. It is a reference work, par excellence. Their scholarship, knowledge and documentation are praiseworthy. They have described and explained the vast and sacred literature of the Hindus—the Vedas, Puranas, Upanishads, the Ramayana and Mahabharata—the philosophy, mythology, folklore, rituals and the myriad gods and goddesses in a concise and impressive manner. Each entry is proof of patient meticulous research.

K. NATWAR-SINGH

The Magic Years of Beatrix Potter by Margaret Lane. Frederick Warne, £8.15, 216 pages

The tale of Beatrix Potter is a fascinating case history for those who consider the life of a woman, step to the creative functioning of a woman. Treated as worse than a slave by her well-to-do Victorian middle-class parents, she passed thirty-three years being miserable. Her happiest moments were spent bending over the glass cases in the Natural History Museum. Her diary was written in code. One of her first lines of defence against unhappiness was an obsessional secrecy. Luckily the other line was the creation of tiny animal and

nature studies. By some miracle these drawings found a printer as Christmas cards, and then a publisher. For 13 years—Margaret Lane's "Magic Years"—she produced her wonderful books. In all this time she got to know two men: her publisher, Norman W. Lane, who proposed but died before he could marry her; and at the end of this time Willie Heelis, the solicitor, who helped her buy her beloved farm, Sawrey. He proposed and didn't die.

On the other hand, her inspiration did. Security, happiness and the opportunity to do exactly what she wanted changed her from the neurotic, and spinster who found comfort in Peter Rabbit, Tabitha Twitcheat, et al. to the aggressive farmer who wrote Margaret Lane "the rudest letter I have ever received in my life."

Fortunately she persevered and we can now add to her superb biography, *The Tale of Beatrix Potter*, this totally desirable picture-book presentation of Beatrix Potter's working years.

RACHEL BILLINGTON

Hittler's Spies by David Kahn. Hodder and Stoughton, £9.95, 674 pages

It is hard to believe that anybody, however assiduous, could want to know more about German military intelligence in World War II than is contained in this massive book. The space devoted to actual spying is, quite notwithstanding, quite small; rightly so as, with the exception of the famous Cicero in Turkey, it was an almost comical failure. Indeed, it was worse than useless because so many spies were "turned" by German intelligence work as a whole was reasonably successful in the sphere of tactics; for example, it was noticed that if Soviet soldiers wore caps, they

would probably remain on the defensive, while if they wore helmets an attack was concerned. However, not only did the Germans fail to discover the enemy's intentions at such crucial times as the Russian Normandy offensive, but they were also in North Africa and Europe, but even when intelligence did throw light on the enemy's plans, it was frequently disregarded. This was partly because Hitler preferred to rely on his intuition and more because the military doctrine was that intelligence was subordinate to operations.

ALLEN TODD

BISHOP ABEL MUZOREWA

Rise up and Walk

His autobiography is now available from Evans £6.95



Evans Brothers Ltd. Montague House, Russell Square, London WC1B 6BX

Heroic hour

BY PAMELA JUDGE

The Lasting Honour: The Fall of Hong Kong by Oliver Lindsay. Hamish Hamilton, £5.95, 226 pages

By October 1939 the Japanese were 35 miles north-east of Hong Kong. On December 8, 1941, they attacked from the air. The intervening time was put to some good use both in military terms and in organising air raid wardens, auxiliary nurses, volunteers who would be uniformed in the event, and deciding which buildings would become hospitals and similar details.

Churchill thought the Colony was untenable. Major-General A. W. Bartholomew, GOC until 1938, similarly wondered if the enemy should be resisted at all in the event of a mass attack—the capacity for prolonged defence was slight. Major-General A. E. Granat, who succeeded Bartholomew in November 1938 thought the Japanese forces inferior in training, equipment and leadership; but on his return to London in September 1941 he persuaded the powers that be to reverse policy and this eventually resulted in Canadian forces being sent to Hong Kong in November 1941.

But during the same period, attack on the Colony—these and many could not hear to their others were not believed. That their carefree elegant life

style could be interfered with" according to Brig. C. Wallis's account at the time. In an early scare in June 1940 the Colonial Government demanded that European women and children should leave. This was flouted (not "faunted" as on page 30) and the women that were used meant that the women and children suffered all the horrors that were to come.

On Saturday, December 6, 1941, the Happy Valley race course lived up to its name, the lucky Club was crowded and gamblers slid down the Middlesex Regiment played rugby at the cricket club, a large party at the Hong Kong Hotel and the Canadian Guard and the Japanese forces inferior in training, equipment and leadership; but on his return to London in September 1941 he persuaded the powers that be to reverse policy and this eventually resulted in Canadian forces being sent to Hong Kong in November 1941.

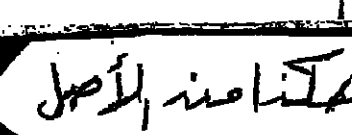
But during the same period, attack on the Colony—these and many could not hear to their others were not believed. That their carefree elegant life

casts at 4.45 a.m. on the Monday. Major C. R. Boxer heard instructions to Japanese nationals abroad that war with Great Britain and America was imminent. By 8 a.m. Kai Tak air port was ablaze. Surrender occurred on December 26—the Lasting Honour in Churchill's phrase.

Oliver Lindsay covers the military and civilian sides of the story in depth and with a masterly grasp. There are tales of the survivors not only of the defence and surrender but also of the notorious prison camps. There are the tales of the tremendous heroism of the Canadians as well as the other regiments. And there are the tales of frightened people and enemies in the camp.

As part of his army career, Major Lindsay found himself stationed in Hong Kong with the 1st Battalion Grenadier Guards and therefore not only could he trace out the campaigns on the ground but he also talked to those survivors who returned to live in Hong Kong. After the Colony Major Lindsay spent two years at National Defence Headquarters in Ottawa. His postings and his background—Army family since 1794—uniquely fit him to write this, his first

Monitoring Japanese broad-book.



Who's Who in Saudi Arabia 1978-79

The much expanded and revised second edition of a new source book about Saudi Arabia and her most prominent citizens.

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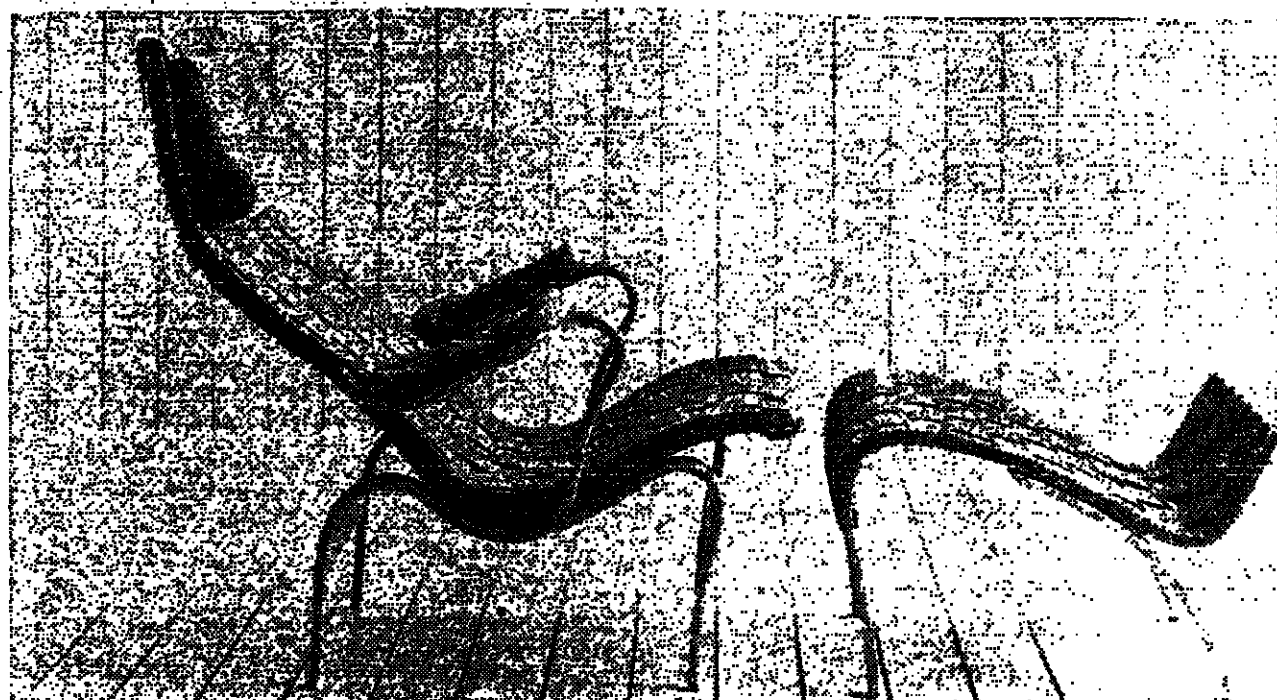
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HOW TO SPEND IT

Jelly, in 1978

by Lucia van der Post



I DON'T think that many people would look at the chair above and be able to perceive that it was first designed in 1944, while the footstool was designed even further back, in 1935. It illustrates perfectly to my mind just what good modern design should be all about — the chair is timeless, yet of its time, it fulfils its function perfectly (being quite astonishingly comfortable to sit in), and it looks beautiful in a totally right kind of way.

For those who don't recognise it immediately (and it hasn't been on sale in this country for a 'good' many years) it is the 'Pernilla' chair, designed by the great Swedish designer and architect, Bruno Mathsson.

He has recently visited London to be elected an honorary member of the Royal Society of Arts, one of only two foreign designers to be so honoured this year; and to celebrate the occasion some of his most distinguished pieces of furniture are being featured in a special display at Liberty of Regent Street.

Those who haven't recently visited the

Timeless comfort

furniture department of Liberty should know that it has now become, in my opinion, one of the finest modern furniture departments in London and, together with a handful of other shops (Coexistence in Floral Street, Aram Designs in Regent Street, Oscar Woodlens in Finchley Road), is one of the musts on the visiting list of anybody seriously interested in modern design.

In the discerning hands of Nick Morris, the department has now moved to the basement and is a joy to visit. Only the price-tickets prevent me from patronising it personally but there are so many things of such obvious quality that one has to accept

that this cannot nowadays be found cheaply.

Bruno Mathsson's furniture is now on sale in the shop. He was the first designer so far as he and I can ascertain, to produce a comfortable chair that wasn't upholstered. 'Many people gave me the thumbs down when my new designs first appeared,' he told me, 'but doctors and engineers were at once attracted to my designs. People with intellect liked them and could see that because the furniture gives support in the right places, it is more comfortable than some of the conventional upholstered models.'

Certainly, it seems very comfortable to sit in and its light, airy, sculptured look is very beautiful. However, modern classics don't come cheap and this particular model, one of Mathsson's many designs for Dux of Sweden, is £295 for the chair and £99 for the footstool.

There are many other Mathsson models on view at Liberty's and it is well worth taking this opportunity to see the group together.

Bath in splendour

A CHARMING small present, and one that puts very easily, is a new collection of aromatic oils for the bath.

Charles Gregory became very interested in aromatic oils and discovered that there were no true bath oils using just essential oils.

He sells his bath oils in packs of four and each group contains four essential oils which can be used singly or mixed according to taste. They certainly smell wonderful — the pack I have been trying has Bergamot, Lavender, Marjoram and Rosewood, but there are many other exotic combinations to try.

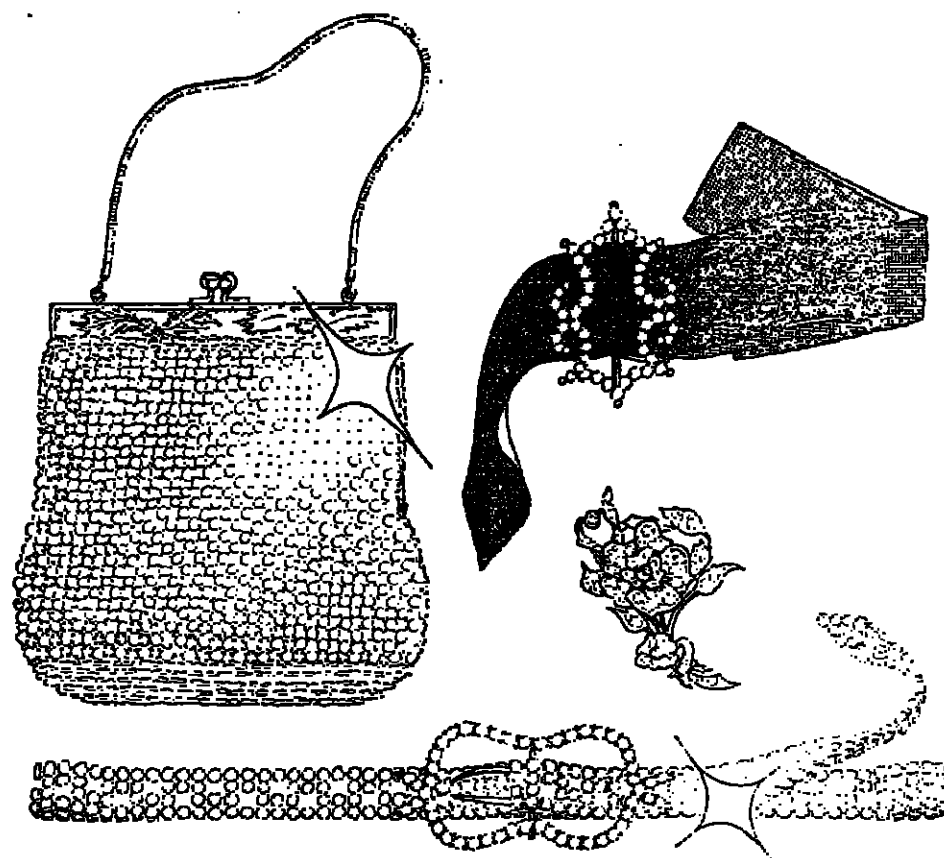
Each and every pack is £4.00, each is available only by mail order (40p p & p).

Whereas most bath essences take oil out of the skin Gregory's Aromatic Bath Oils contain natural oils which enrich the skin. Charles Gregory did a great deal of research to achieve the kind of oils that would flow across the surface of the water and evaporate during a bath-time.

Only five to 10 drops of any of the oils are needed to scent the bath and the whole point of the mixed boxes is to encourage the user to experiment by mixing the oils.

The bottles are small but beautifully packaged with drip-tops to control the number of drips so that there is little waste. Each pack has enough for about 200 baths.

For a list of all the eight different packs available write to: C. A. Gregory Aromatic Oils, 48 Duke's Avenue, London, N10.



Sparklies

NOBODY can have failed to notice that diamanté is the great autumn accessory. I haven't actually met a great deal of it yet at private dinner parties but certainly at a big fashion show I was at last week several fashion editors were covered in it — on the arm, round the neck, in the hair. Black is the colour this autumn and diamanté, of course, livens it up considerably. If you top the lot with a small cocktail hat (probably black) then you are really up-to-the-minute.

I think diamanté is great fun — it gives a lot of glamour for not very much outlay — but in my opinion it is better for evening wear. Linetta Greco runs a marvellous treasure trove of a shop called Capricorn, at 118, Kensington Park Road, London, W11, and I quite agree with her when she says that 'people prefer old diamanté because it is not so shiny, has better style, colour, finish and design.' Much of the new diamanté about in the shops really does look excessively cheap, finished with nasty, shiny gilt.

Everybody seems to think they know what diamanté is but almost nobody could tell me exactly. Having done a little research on the subject I discover that paste and diamanté are much the same thing — paste is, so to speak, an upmarket diamanté being made of better, heavier, glass, quite often backed with silver. Diamanté, the down-market version, is usually of slightly less good quality glass backed on to cheaper materials like brass, copper, steel.

gilt and so on. It was first used in Georgian times and was modish in the twenties and thirties. The best-quality diamanté was usually French and it is heavy, good-quality glass coupled with good design that makes the difference.

Linetta Greco sells an enticing collection of old accessories of all sorts, as well as the old lace which I wrote about some months ago.

She has been collecting diamanté for about two years now and first noticed an interest starting in it about eight months ago among the 'trendies.' I first bought some, from a little antique shop in Richmond, last winter and paid £2 for a set of bracelets and a little narrow necklace. Needless to say prices have now risen but diamanté is still good value.

Linetta Greco has brooches from about £5, diamanté trimmed evening bags starting from about £10, belts, buckles, earrings and necklaces.

If you want other fashionable accessories — secondhand, of course — she also sells 20s and 30s cocktail hats, some with veils, from about £10.

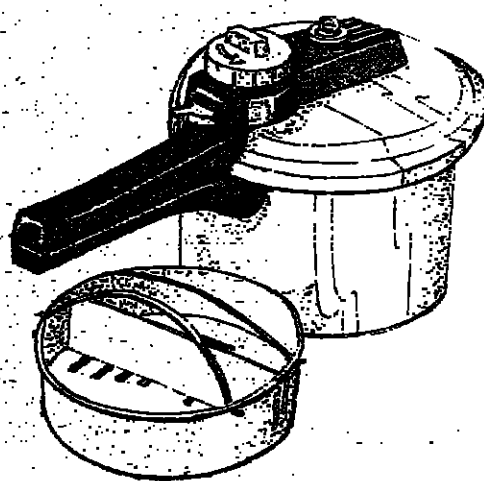
I think almost anything from her shop would make a marvellous present for a young girl or fashionable woman. In our drawing is a small selection of the sort of thing she sells, everything is old, everything is, of course, individual and nothing comes in bulk. The pearl and diamanté evening bag is £20, the diamanté belt (would look marvellous on a slim waist with a plain black dress) is £12, the black velvet belt with the diamanté buckle is also £12, while the diamanté rose brooch is £10.

Cooking under pressure

I WAS given a pressure cooker for a wedding present by an aunt who claimed that with hers she could put a meal on the table for her family in half an hour flat and that any sensible person would want to do likewise. I never really took to it but I'm still using the base as the largest, sturdiest saucepan we got.

However, I do accept that pressure cookers are immensely valuable to people who have to produce food fast — you can do me — fear that it's going to Irish stew in 15 minutes, explode. It has an inbuilt safety beam of tomato soup in five devices so that if the cooker and so on. Designs have should become too dry or over-heated a lot and the new heated a metal safety plug melts Prestige Automatic Pressure and releases the steam Cooker (nine-pint capacity, replacement plugs are readily 38.95p) is a very streamlined available).

cooking model indeed (see you no longer have to watch sketch). It also deals with that and time it yourself — the auto-major bugbear for cowards like me, the timer automatically re-



Robin Cole



leases the pressure when the time is up and, third great bonus, because the pressure is released automatically you don't have to carry a heavy hot saucepan to a running tap to reduce the pressure.

Robin Cole, from our design department, and his wife, bravely volunteered for some consumer testing on the new model. Here is Robin's account.

'I'll make a chicken casserole, came the confident call from the kitchen. So armed with the new Prestige automatic pressure cooker and two chicken joints my wife retired to the kitchen. After five minutes' initial cooking, using the cooker base as a saucepan, the top was locked on and the pressure brought up. We set the timer for the required time and I went back to my drink.

A sound reminiscent of the Flying Scotsman leaving King's Cross accompanied by a shrill squeal from my wife announced that dinner was served. From her place of refuge behind the kitchen door, my wife inquired with a vexed expression if I thought it was all right. Not being experienced in the ways of pressure cookers I didn't really know. At that precise moment, the ringing in my ears stopped and the cloud of steam cleared. Yes, it did seem to be all right. In fact, it was delicious.

Thus encouraged, we decided to embark on a roast for Sunday lunch. Into the cooker it went for 17 minutes. The by now familiar sound of a main-line station during the late '80s signalled that it was ready to be put into the oven to brown for 15 mins at Gas Mark 6. At 1.15 we sat down to a meat and three-veg lunch that would otherwise have taken about 1½ hours. There

were no greasy pans to wash up after the meal, and the automatic timer which sets off the pressure release means trouble-free cooking and no need to carry the cooker steaming hot over to the sink to reduce the pressure under cold water.'

Slow but sure

Not content with launching the new automatic pressure cooker, Prestige have also brought out two new models of their slow-cooking Crockpots. I have been using, very happily and for some time, the first model, which consists of a lovely earthenware casserole which sits inside an electric casing which governs the slow, careful temperature.

This makes marvellous soups and casseroles and I like it because the removable earthenware pot looks so good on its own and is very easy to wash up.

The two new models answer two specific needs that became apparent to Prestige after the launching of the first model. The Crockette is designed to cater for people who live in bed-sitters, couples who both work and elderly people who want simple, easy cooking.

The Crockette is a smaller (2 pints) version which means that single people or couples can make use of the method. Its one disadvantage over the earlier model, in my view, is that there is only one container which is not quite so pretty for putting on the table as the original inner earthenware one and cannot be plunged into water for washing-up. On the other hand, it is marvellous for bed-sitters as it can be plugged in anywhere. The Crockette is £16.45.

To balance the Crockette there is also now a really large family-sized Crockpot — it works on exactly the same principles but has a capacity of 5½ pints (as opposed to the 3½ pints of the original Crockpot). It, too, doesn't have a lift-out earthenware pot but consists of an all-in-one device which is fine for the cooking but not very elegant for the dining-table, nor so easy to clean. It is £25.95.

All Prestige products are available from most good kitchen departments.

★ UNFORTUNATELY last week's address for The Pearson School of Needlepoint emerged wrongly on the page. It is indeed in Campden Hill Road, London W8 but at number 104 not 102. There is no number 104 and the Post Office has been informed of the mistake so all letters addressed to Anna Pearson should arrive safely. Any reader who still wants to write for the mail order leaflet or the needlepoint kits should please note the correct number. Anybody wanting to visit should telephone first: the number is 01-727 9696.



German foods Christmas hampers

For a free brochure showing our wide selection of Christmas hampers and boxes, ranging in price from around £7-£110, please write or telephone.

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Germany: Maker of fine foods.

Rise up

CAN THERE be anybody in England who hasn't by now either learned to do without bread or make their own? It seems to me that bread strikes happen so often that most of us have by now discovered ways of getting round the problem.

For myself I find anything is better than queuing. I always keep packets of breadmix in the house. I learned to make my own bread last time round so I also always keep supplies of flour and dried yeast in the house. Scoops are quick and easy to make for breakfasts and my family think flapjacks with honey or maple syrup better still. If you haven't yet learned to make bread and want to learn now, Delia Smith's Cookery Course (£3.75, a BBC publication that links with the television series) gives admirably clear instructions for breads as diverse as Soured Cream Soda bread and Chapattis, as well as more conventional loaves.



The Yeoman gate illustrated is one of our range of craftsman-made timber gates, constructed to give prolonged service. Other attractive designs are also available for the garden or farm.

Send for a brochure or visit us at Biddenden, Mr. F. T. Moore, British Gate & Timber Limited, Biddenden, Kent. Telephone: Biddenden (0580) 291 555.

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The Best Decorated Caddy of Tea, Game Soup, 1lb Cooked Ham, Prime Ox Tongue (10lb), Plum Pudding with Rum and Brandy, Terry's Chocolates, Turkish Delight, Cumberland Rum Butter, Stein Ginger in Syrup, Cocktail Onions, Salted Mixed Nuts, Black Cherries in Syrup, Peeled Shrimps, Braised Pork Kidneys, Shortbread Fingers, Fruit Cocktail, 1lb Scott's Marmalade with Whisky, Assorted Fudge, 15oz Pork in Cranberry Sauce, 10oz de Campagne, Assorted Cheese, Savard Potatoes, 10oz Brook Trout, 1lb Box Dundee Cake, Water Rolls with Chocolate, Bartlett Pear Halves, Peach Chutney, Party Sausages.

The Souper Cornish crab soup, asparagus tips, Sausage Last continental biscuits, assorted cocktail biscuits, a 1lb plum pudding with rum and brandy, mince-pie with brandy, duck with orange pete, young stem ginger in syrup, 1lb tin ham, redcurrant jelly with Dry Sack sherry, prime Ox tongue, salted mixed nuts, decorated caddy of tea, Orange cake made with Orange Curacao, Turkish Delight, Turkey Marengo, 1lb chocolates, 10oz Icelandic Brook Trout, Cumberland rum butter, peach chutney, shortbread fingers, four whole peaches in syrup, peeled shrimps, assorted French glace fruits, blue stilton dressing, Hawaiian pineapple slices, assorted nuts and fruit, chocolate Bridge Mints, cocktail sausages, one bottle Liebfraumich O.B.A., and one bottle of Anjou Rose, A.C.

For further details about our food boxes, and prices, simply telephone the Food Hall at the Civil Service Store.

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Nations fought over them! Pirates murdered for them! Long John Silver's parrot immortalised them! Now we're offering them as intriguing pieces of jewellery.

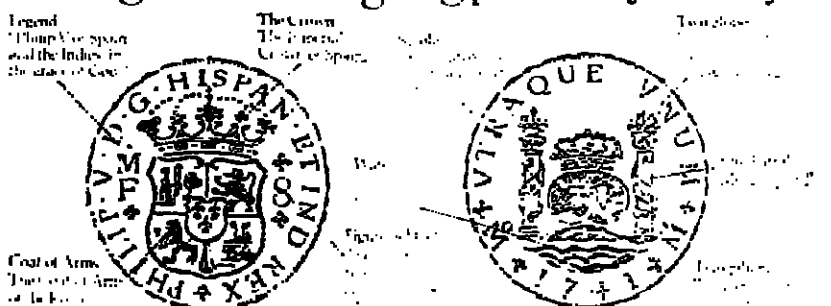
Pieces of Eight. The currency in circulation throughout the Spanish Empire. The silver that brought an avareous glint to the eyes of pirates like Captain Kydd, Blackbeard and Captain Morgan.

In 1743 the Hollandia, a Dutch merchantman, sank in Broad Sound, off the Scillies. She was carrying a cargo of recently minted coins: Pieces of Eight and Ducatons, destined for the East Indies.

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Each coin is mounted in a sterling silver ring which is inscribed with the name of the ship and the date of its passage. The pendant is mounted on a heavy sterling silver chain. Each pendant costs £75, (£87.50 inc. VAT) and is accompanied by a certificate of authenticity.

Post the coupon and we'll send you your own piece of treasure. Your own memento of a romantic age.



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Germany: Maker of fine foods.

Personal shoppers: Come and see our redesigned store in the Strand.

COLLECTING

BRIDGE

E. P. C. COTTER

employed the Swiss. You would do well to include this in your repertoire, not for cut-in rubber bridge, but for all tournament events.

We turn now to the Gambling Three No Trumps:

A FOURTH, revised edition of Victor Mollo's *Bridge: Modern Bidding* (Faber £4.50) has just been published. If you want to learn about the latest gadgets and theories, this is the book to bring you up to date.

First let me show you a deal illustrating the Swiss, a convention which I like and use:

N		S	
♠ A K Q 10 5		♠ 3 2	
♥ A K Q 10 8		♥ 7 2	
♦ 7 2		♦ A	
♣ 2		♣ 8 5	
W		E	
♠ 8 6		♠ J 7 4	
♥ 3 3		♥ 9 5 2	
♦ 8 5		♦ 9 3	
♣ A Q 10 7 6		♣ K 9 5 4 3	
N		S	
♠ Q 10 5 4 2		♠ 3 2	
♥ 2		♥ A K Q J 10 6 4	
♦ A 7 5 2		♦ J 8	
♣ A 7 5		♣ 3 8	
W		E	
♠ J 8 4		♠ A 10 9 7 4	
♥ K J 9 5		♥ 8 3	
♦ Q J 10 4		♦ J 10 6 4 3	
♣ 9 2		♣ 3 8	
S		W	
♠ A K 7 6 3		♠ 3 8	
♥ Q 6 3		♥ K J 9 5	
♦ K 6		♦ Q J 10 4	
♣ K Q 8		♣ 9 2	

With both sides vulnerable, South dealt and bid one spade, to which North replied with four clubs. This is the Swiss—it announces very good trump support, two Aces, and a singleton. South now rebid four diamonds. This conventional rebid is used when the opener is interested in higher things and asks the responder to show where his singleton is.

With his 17-point hand, South was most anxious to get further information from his partner, and North's bid of four hearts was just what he wanted to hear: there were no wasted values—without more ado he bid six spades.

West led the eight of spades, but nothing could prevent the declarer from drawing three rounds of trumps, cashing King Ace of diamonds, and ruffing two diamonds in hand, eventually conceding one heart trick.

How do you reach the lay-down slam without the Swiss convention? It tells so much in just one bid. I remember in Portugal's International Week in the Algarve my partner and I in the Open Pairs bid a slam which eluded the rest of the field simply because we

In the early days of Contract an opening bid of three no trumps could be made on a balanced hand of 25 to 26 points, but such a holding is best described by a conventional three clubs, followed by a rebid of two no trumps. An opening three no trumps, as employed today, promises nothing beyond a solid seven-card minor suit. Partner may pass if he has some tricks, but with a worthless hand he bids four clubs, allowing the opener to name his suit, or four diamonds if he can tell from his hand that the opener's suit is diamonds.

In the hand above with East-West vulnerable, South opened the bidding with three no trumps, and North had a problem. He saw the solution. He bid five clubs. If clubs was his partner's suit, he would pass, and two diamonds would be lost; on the other hand, if the opener had the diamonds, he would convert the bid to five diamonds. Then North would be able to bid the diamond slam, because now the singleton club would be the only possible loser.

And this is exactly what happened when this deal occurred in a rubber bridge game. A simple, logical solution, but full marks to North for being quick enough to spot Portugal's International Week in the Algarve my partner and I in the Open Pairs bid a slam which eluded the rest of the field simply because we

CHESS

LEONARD BARDEN

NEVER, the three instant books on the Korchnoi-Karpov match will be reviewed together and compared with each other. They are: *Korchnoi-Korchnoi 1978* by David L. Barden, published by Chess Books, 143 pp. £1.95; and *The Battle of Baguio City: Korchnoi-Korchnoi 1978* by W. R. Hartston, published by Batsford, 128 pp. £1.50; and *World Chess Championships 1978* by Dent, 1978, published by Dent, 143 pp. £1.95; and *The Battle of Baguio City: Korchnoi-Korchnoi 1978* by W. R. Hartston, published by Batsford, 128 pp. £1.50.

To the "best buy" question: Which of the three books is the best buy? There are two answers. Keene scores heavily over the other two in many ways, simply by being present behind the scenes at the match and having access, both to Korchnoi's adjournment and post-mortem analysis and to personal reactions within the Korchnoi camp.

He is revealing on what happened at and during the adjournment of game 13: this is one of two decisive moments of the match, when Korchnoi let in an advantage and lost the next game as well.

When Korchnoi took 40 minutes to seal an obvious move, Keene writes "I sat glued to my seat for this period going crazy with worry while minutes ticked away. Korchnoi was clearly in a terrible nervous and when he had finally decided on the move he put it in the envelope and took it out again several times to make absolutely sure he had written down the move he wanted to play. It was quite obvious to me that he was undergoing acute mental disturbance while trying to seal the move."

Keene adds that it was "in retrospect the wrong decision" for Korchnoi to postpone the adjournment of game 13 to give time for further analysis. This analysis only served to demonstrate that Korchnoi had in clear win and led him to try desperate and unjustified play when the game was resumed with game 14 having meantime gone against him.

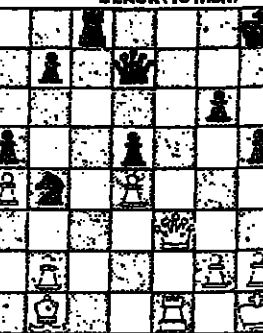
Larsen, a world title candidate in his own right, provides a witty and penetrating analysis of the games, while Stein's introduction in the Batsford book includes a keen analysis of the styles of Karpov and Korchnoi. Larsen's analysis are spiced with anecdotes about the inter-anecdotes chess scene, and he makes an interesting point about the match organizer Zorabekyan's Anand Marga gurus: "words like 'attempted murder' and 'security risk' have a very real meaning for Caucasians; in October, 1975, his friend, and adviser to President Marcos, de Vega, who had done a lot for Philippine chess, was shot down in his office."

Hartston is good on the background to the match and gives a particularly revealing example within a single game of the strength (deep and far-reaching calculation) and weakness (nervousness and acute time trouble) of Korchnoi's play.

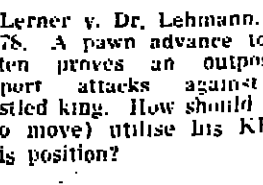
In comparison with the other two he treats the games in terms

POSITION No. 241

BLACK (10 men)

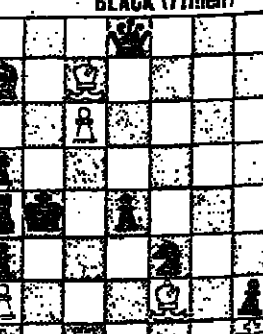


WHITE (10 men)

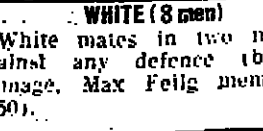


PROBLEM No. 241

BLACK (11 men)



WHITE (8 men)



Solutions Page 12

Playing at being a detective

AS ENGLISH enamels rarely carry any identifying marks, the problem for collectors is the attribution and date of an item, particularly important now that prices have risen so astronomically over the last few years. Some £50-£100 is the norm now for a tiny late 18th century sweetmeat box, and nearer £500 or so for a pair of South Staffordshire candlesticks, with the price for a properly authenticated set of three oval Bilston plaques running into four figures.

For every box made at Stephen Theodore Janssen's short-lived firm at York House, Battersea (1753-1756), hundreds were produced in other London workshops, as well as at Birmingham, Bilston, Wednesbury and Liverpool, where production continued until about 1830 when the fashion for the enamel trinket died out. It is only by tracing the histories of the different factories, studying the individual characteristics, and researching the art and artists of the period that some idea of who made what emerges.

It was from Birmingham that John Brooks, Janssen's partner, made his first unsuccessful application to patent the invention of transfer-printing, and from there that the widest variety of enamel articles were produced. John Taylor, "a valuable acquaintance" of Dr. Johnson, and High Sheriff of Warwickshire in 1765, as well as being one of the founders of Lloyds' Bank nearly 10 years later, was listed as a "most considerable maker of enamelled snuff boxes," it being also reported that "one servant earned £3.10.0 a week by painting them at a farthing each."

Second to the Battersea operation was Bilston in South Staffordshire, with many of the tiny patch-boxes, the most easily recognised group of typically English enamels because of their romantic refrains:

With me you shall have no more pain.

For I your sorrows will sustain...

There are few known or marked South Staffordshire enamels though, which is strange in an age when watchmakers, silversmiths and potters so often marked their wares. Some artists tucked their signatures away in foliage which can only be seen under a magnifying glass, but as Susan Benjamin points out in her excellent new book, *English Enamel Boxes—From the Eighteenth to the Twentieth Century* (Orbis Publishing £7.95), even hidden signatures are rare, "although in the detective eye of the keen collector every blade of grass masquerades as an initial."

Mrs. Benjamin's enthusiasm for her subject began in the 1950s, when she started a tiny antique gallery, Halcyon Days, its name deriving from the Greek for kingfisher, made up of hats (the seal and kuo to brood on—"the halcyon brooding on a winter's sea," wrote Dryden). (The kingfisher was believed to have laid its eggs on the surface of the sea before the winter solstice, during which time the waves were calm and unrumpled.)

Naturally generous acknowledgement is paid to the pioneer collectors and researchers such as Bernard Rackham, Dr. Watney, Wolverhampton Art Gallery's Mary S. Morris and others, but it is the high quality valuable acquaintance" of Dr. Johnson, and High Sheriff of Warwickshire in 1765, as well as being one of the founders of Lloyds' Bank nearly 10 years later, was listed as a "most considerable maker of enamelled snuff boxes," it being also reported that "one servant earned £3.10.0 a week by painting them at a farthing each."

There is a remarkable chapter on fakes, forgeries and replicas, which all collectors should read, study and absorb. Although it is admitted that the quality of some of the

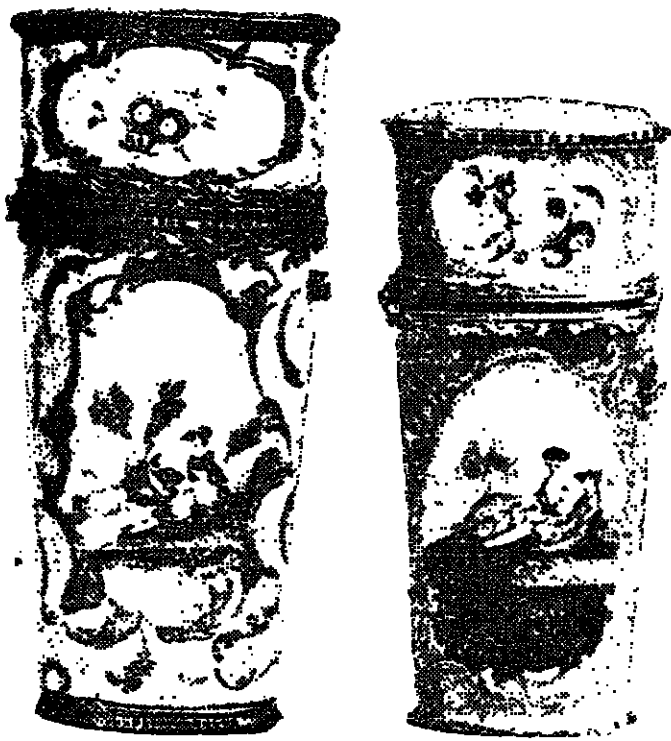
work would be the envy of manufacturers today, and the products of Emile Samson (1837-1913), are collectors' items in their own right, they fetch only a fraction of the price of their 18th century prototypes.

Only constant handling will reveal the "feel" of the older work and the fact that the hinge and metal mount are not nearly so well made as the original. A giveaway feature on the majority of small Samson boxes is a central protruding lug on the outside hinge which acts as a stop to prevent the lid opening backwards too far. Another detail is a finely milled finish to the mounts, which points to the hand-painted pattern being machined on the outermost edge. Hand-painting doesn't necessarily give the right clue, as Samson did not use transfer-prints, the firm priding themselves on being able to imitate free-hand the

pretty 18th-century country scenes.

Even the most seasoned collectors of the past were led astray by the reproductions. She hunted high and low, through England and abroad; France, Holland, Germany, Spain, Italy, all were ransacked; she left no stone unturned, no difficulty, discomfort, fatigue or hardship of travel daunted her... wrote Montague Guest of his mother Lady Charlotte Schreiber, collector extraordinaire of 18th century treasures, fans, lace, playing cards, prints, pottery, glass and enamels. But on a visit to Madrid in 1878, she bought a pair of "18th century" vases, which she later triumphantly showed to Emile Samson in Paris. As Mrs. Benjamin comments: "It must have been with the right clue, as Samson did not use transfer-prints, the firm priding themselves on being able to imitate free-hand the

JUNE FIELD



A Samson of Paris étui, c. 1900 (left), a clever detailed copy of the 18th-century Bilston enamel one on the right, featured in Susan Benjamin's new book *English Enamel Boxes—From the Eighteenth to the Twentieth Century* (Orbis Publishing, £7.95).

Base metals



Rare Cannon Street Anne Blunt penny circa 1672, 475.

COINS

JAMES MACKAY

STRICTLY SPEAKING any coin whose metal content is less than its nominal face value is a token since a token is merely a promise or a symbol of something else which has real value. Paper money of all kinds is a token, as the inscription printed on banknotes implies—a promise "to pay the bearer on demand." At one time such a promise might have had real meaning, when one could have demanded a gold sovereign in exchange for a pound note. Since 1814, however, we have had to rely increasingly on the good faith of other people to give goods or services in exchange not only for bits of paper but also for pieces of metal with little or no intrinsic value.

In less sophisticated societies, where people did not trust each other very much, money had to be seen to have a real value in itself. It was a matter of national pride which impelled the Tudor monarchs to issue coins only in precious metals. The shillings of Henry VIII might be so debased that the copper soon showed through the thin silver wash, but English rulers would never descend to the Scottish expedient of issuing copper coinage. The Scots did not trust each other any more than the English, but in a relatively poor country there was little option but to issue coins in base metal.

A strict adherence to silver for all smaller denominations, however, created enormous problems in the reign of Eliza-

beth I and her successors. The steady growth in internal trade and the development of an economy based on cash rather than kind created a very real need for subsidiary coinage. Up to that time the smallest coin was the silver penny but under Elizabeth the diminutive silver halfpenny was minted. An even smaller coin, to cover the farthing denomination, was out of the question, but the problem was neatly solved by issuing a three-farthings in silver. In this way one could tender a penny in payment for a farthing's worth of goods and

had held the franchise for farthings under Charles I.

The dearth of subsidiary coinage in the aftermath of the Civil War and even for many years after the Restoration induced the shopkeepers of London and the provinces to take the matter into their own hands. Between 1648 and 1672 thousands of tradesmen—innkeepers, grocers, mercers, drapers, haberdashers, hatters, ironmongers, pewterers and tallow-chandlers—issued their own token farthings and halfpennies, mainly in copper but also in brass, pewter, tin and lead.

The commonest varieties were the circular farthings and halfpennies which are today worth from £2.58 upwards depending on the issuer and the town. Octagonal halfpennies are still reasonably plentiful in the £5-£10 range but the square or lozenge-shaped halfpenny command two or three times that amount. Relatively few pennies were produced, since there was a perfectly adequate legal silver coinage, and circular pennies start at around £20, with the polygonal pennies considerably dearer. A few halfpennies were heart-shaped and these are more expensive, ranging from £25 upwards. It is difficult to state an upper limit, and the John Murray token penny, for example, are now in the £1,000 plus bracket.

The London series, in particular, have long been popular with numismatists, particularly those issued by the taverns and coffee-houses of the City (some of which survive to this day).

The Wedgwood Egyptian Collection may seem a little exotic, but it's nothing new. Josiah Wedgwood was creating beautiful Egyptian-inspired decorative Black Basalt as long ago as the 1780's. These pieces are as elegant, dramatic and fascinating as Josiah's were.

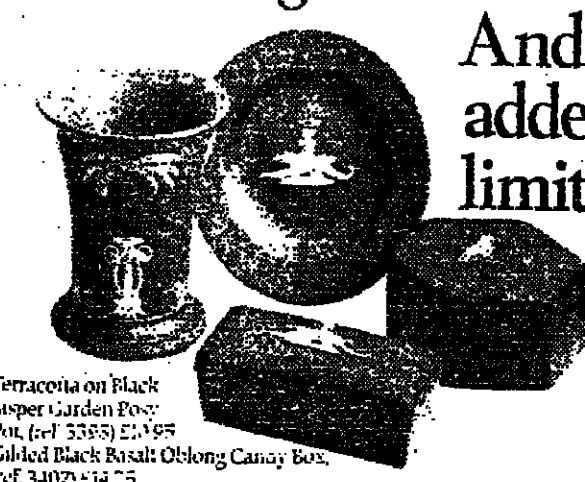


Terracotta on Black Jasper Spinn, ref. 24221 in a limited edition of 250 £229.00

And many of them have the added attraction of being very limited editions. To delight in. To invest in.

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CHRISTART

EXPERIENCE AND EXPERTISE... 357

Richard Wagner: Autograph Musical Manuscript of the Overture to "Tannhäuser," signed and dated by the composer Dresden, 11 January 1845. Sale, Wednesday, November 29.

The publicity surrounding the sale of the Burrell collection of Wagner manuscripts at Christie's in New York in October brought about an important and exciting musical discovery. That sale included the composition draft of the entire opera of "Tannhäuser," lacking only the famous overture which has become one of the most popular pieces in the literature of symphonic music. Now the manuscript of the overture has emerged from the English private collection where it has rested unknown to the musical world and will be sold by Christie's in London on Wednesday, November 29. Not only does the discovery of the manuscript change the previously accepted details for the composition of the overture, but also reveals Wagner's process of creation of the piece of music of which he himself wrote: "I really cannot think of any other tone-poem capable of exercising a like powerful effect on sensitive intelligent natures... The Tannhäuser Overture has given me anew and great opinion of my talent for making the impossible possible."

For further information on this and other sales of Musical and Literary Manuscripts and Autograph Letters, please contact Sarah Ward or Fanny Neville-Rolfe at the above address.

Spencers OF RETFORD



John Feneley Senior: Nicholas Roemer seated on the back Citizen. Signed, inscribed Melton Mowbray and dated 1816. To be sold at Strelley Hall.

FORTHCOMING SALES

WEDNESDAY, 15th NOVEMBER

Georgian and later furniture and works of art including a large seventeenth century Dutch armchair, a table musical box with interchangeable cylinders, musical boxes, a Flemish tortoiseshell mounted cabinet. Ref: 24000. Catalogue £5p by post.

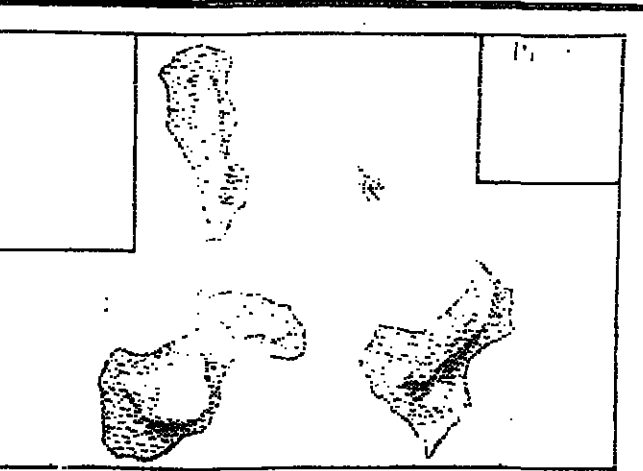
THURSDAY, 16th NOVEMBER

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Saturday November 11 1978

Reality is catching

THE CONNECTION between the unpleasantness in this country in the past couple of days and the Carter measures a week earlier is only too easily read in traditional terms: if New York rates are up, London must follow. To some extent this is unhappily true at the moment—though it need not be so for all time. However, it is not true at the moment that if New York rates were to fall again, London would follow them down. What President Carter has done is not to subject us to an American credit squeeze, but to remove a shield which had been protecting us from our own domestic realities.

The risks

When currencies are floating, the relationship between interest rates in different centres can easily be the reverse of what is used to under the Bretton Woods regime. Under fixed exchange rates, when they were working, there was little risk facing a bank or a corporate Treasurer who wished to switch funds from a low-interest currency to a high-interest one. Rates internationally tended to move in harmony.

Under a floating regime, on the other hand, the risk of exchange rate movement can easily outweigh interest rate differentials. Money flows out from a weak currency, despite high rates, into a strong one, and the flows force up rates in the weak currency and depress them in the strong currency country.

Spectacular

The effect in this country was spectacular when sterling was recovering strongly from the 1976 crisis, and interest rates came tumbling down from 15 per cent to 5 per cent in a few months. What has not been nearly so clear is that for the past few months British interest rates, although quite high by historic standards and well above the going rate of inflation, have again been artificially low. As long as the U.S. economy maintained its rate's progress of credit creation and deficit, and unwanted dollars were being converted into excess supplies of stronger currencies, rates everywhere outside the U.S. were held down.

President Carter put an at least temporary end to this comfortable but unsustainable situation when he acted to halt the dollar's decline. This has left sterling exposed and the authorities now face the problem of preventing a potential outflow rather than keeping out an in-

flow. The softness of the exchange rate in the middle of the week must certainly have had a good deal to do with the decision to push the official lending rate a point above the level already set by the market.

Since monetary growth is at or below the bottom end of the official target range at present, and sales of Government stock—which have never really dried up, despite the rumours—recovered quite strongly yesterday, it may be hoped that the long-term market, after months of stagnation, has established a new trading level. Short-term rates are still vulnerable to New York, and the markets, which were chaotic yesterday, will remain nervous, but hardly bearish at the long end.

However, economic policy is not just a matter of maintaining a flow of funds for official borrowing in fairly orderly markets. The level of rates which has been required to do the trick is itself important; and it is far too high. It seems that we cannot enjoy a reasonably brisk recovery in consumer spending and investment without running into a credit crunch. That is a bitter commentary on our underlying economic performance.

Too familiar

The troubles are only too familiar. The Government planned to borrow too much in the first place, pre-empting most of the available savings. A rise in activity or a rise in inflation entail an extra demand for credit. The economic revival in the summer was strong enough to make credit uncomfortably tight. Now the demands of "responsible" trade unions have set off the alarm bells.

These domestic pressures will remain even if President Carter's package is so successful that U.S. rates are soon able to start edging down again—which does not itself seem probable. Conditions will ease only if the Government can nerve itself to reduce its own deficit, which would call for quite unusual courage in an election year, and if trade unionists begin to understand what Mr. Healey has been telling them for so long: exaggerated wage settlements are a short cut to slump. Only an incurable optimist could hope for early progress on either front. The only good news is the bad news: in monetary policy at least the Government is solidly confronting reality. The measures which have been necessary are a judgment on the Government, but the fact that they have been taken is some ground for hope.

The mounting contradictions of Mr. Healey's policies

By PETER RIDDELL, Economics Correspondent

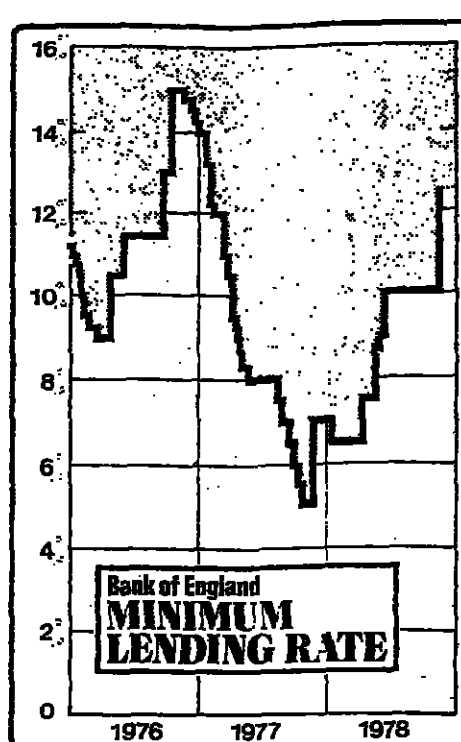
THE INCREASE in Minimum Lending Rate on Thursday from 10 per cent to 12½ per cent was presented by Mr. Denis Healey, the Chancellor, with characteristic resilience as mainly a technical adjustment. He described the move as principally a response to recent changes in money market rates in the face of both a rise in the U.S. interest rates and to uncertainties in foreign exchange markets, and about pay settlements in Britain.

Yet this is rather like describing "War and Peace" as a novel about everyday life in early nineteenth century Moscow—true but somehow not the whole story. Mr. Healey's blandness masked both a major inherent contradiction in the Government's fiscal and monetary policy dating from the April budget and what amounts to a severe tightening of the credit squeeze. After all, MLR was last as high as 12½ per cent only during the crisis period at the end of 1976 and was 5 per cent a year ago. The result is that even top-quality customers of the major banks are already having to pay at least 12½ per cent on their overdrafts which is 4½ points more than the current rate of price inflation while the cost of a building society mortgage has risen from 8½ per cent to 11½ per cent since July.

This level of interest rates would strike most people as more than a technical adjustment and they would be right. It is certainly fair of Mr. Healey to point to the need to respond to rising U.S. interest rates as well as to keep slightly ahead of the market in view of the volatility of exchange rates. But the main reasons for the rise in MLR are domestic not external. They are related to developments in monetary and fiscal policy and, less directly, on the wages front, even though Thursday's action is nothing as crude as a direct reaction to, or punishment for, current pay disputes and claims.

The starting point is the Government's commitment since the middle of 1976 to a monetary target for the growth of sterling M3—cash and bank current and seven-day deposit accounts. The success or failure in meeting this target is broadly interpreted by the City and the markets as an indicator of the Government's determination to fight inflation, however much economists may argue about the precise relationships between the money supply and prices and output and the significance of short-term trends.

In any event, the target is seen by Mr. Healey as the cornerstone of what he sometimes describes as his "socialist monetarism." But like many such hybrids this mixture of Keir Hardie and Milton Friedman can lead to contradictions unless the implications of the

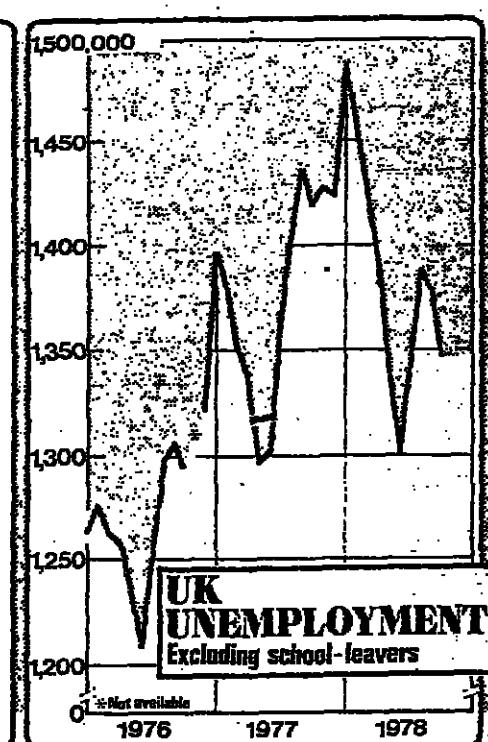


beliefs are appreciated. Support for a monetary target also implies a consistent balance between the main influences on the money supply: bank lending to the private sector, inflows from abroad and public sector borrowing.

In 1977, a contradiction arose when the Government tried to keep the exchange rate down and the resulting inflows from abroad threatened the money supply target, so that sterling eventually had to be allowed to float upwards. This year the contradiction has been the more familiar one between public sector borrowing and the private sector's demand for funds during a strong economic upswing.

The expected recovery

The difficulties started in the April Budget when the Government announced incomes tax cuts costing £2bn in the current financial year in addition to a rise in the volume of public spending. Partly because of underspending in the previous financial year this implied a rise in the estimated amount the public sector would have to borrow from £5.7bn in 1977-78 to £8.54bn this year. Mr. Healey suggested that this would be compatible with a rise in industry's demand for funds associated with the expected recovery in economic activity and investment. He also announced a slight tightening in the monetary target, down from a range of 9 to 13 per cent to a range of 8 to 12 per cent.

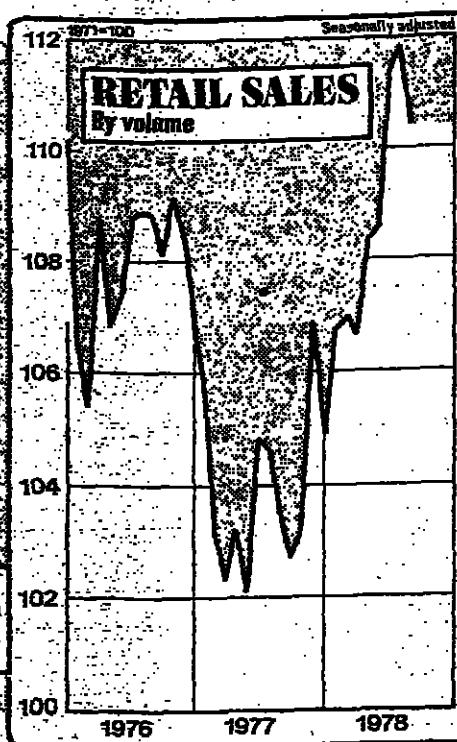


As a safety precaution to try and reassure the markets Mr. Healey nonetheless took, in a highly unusual step, in a statement of the rate of money growth according to the published figures. However, Mr. Healey's hopes in the summer that MLR might soon start to decline were not fulfilled.

The snag has been that the Government, as so often before, underestimated the strength of the underlying economic recovery. This has been partly because earnings have been rising more rapidly than expected, while the rate of price inflation has been restrained by the strength of sterling and the result that the real living standard of the average family has risen by 7 per cent so far this year compared with 1977. This in turn has fuelled a buoyant level of consumer spending—now at last above the levels at the peak of the Barber boom of 1972-73 and more than 5 per cent up in real terms this year.

At the same time, capital investment by manufacturing industry has also been recovering strongly and all this has boosted private sector demand for bank loans in spite of the corset restrictions. With public sector borrowing also remaining at a high level, short-term interest rates have been pushed up in the money markets, as shown by last week's rise in the banks' lending rates.

None of this adds up to a crisis: after all, the growth of the money supply has shown no immediate signs of getting out of control and sterling has been under no obvious pressure, though the rate has been slightly weak in the past few days in the aftermath of the



achieved partly because of the U.S. moves to support the dollar. There is, of course, about a consumer boom without a balance of payments or sterling crisis: the explanation is that the build-up of North Sea oil production has offset the rise in imports to keep the current account around balance.

The real reason

The real reason for the Government's decision to act now—and to do more than merely validate last week's rise in bank lending rates—is a desire to anticipate possible future monetary developments while hedging against a rise in U.S. interest rates. In particular, there are no signs that the private sector demand for loans is suddenly going to ease. Capital spending plans for next year, remain bullish and consumer spending will be given a further boost next week by the implementation of backdated income tax cuts and by the uprating of social security benefits and pensions.

The current uncertainty on the pay front has also influenced the Government's decision. While the talks with the TUC drag on and more labour disputes flare up, the tightening of the credit squeeze is a warning both to employers and to unions that the authorities will not relax their monetary policy settlements in the next few weeks might force the Government's hand. Otherwise, the effect, the hard backbone of the monetarist orthodoxy. The spring budget before taking measure was reinforced on fiscal action—and that, of Thursday when Mr. Healey announced that the present 8 election.

Letters to the Editor

Portfolios

From the Managing Director, Schlesinger Investment Management Services

Sir—May I first take issue with Dr. Scott (October 27) and Mr. Shucksmith (October 25) and point out that it is erroneous to suggest that an index fund represents the "average" performance experience of professionally managed portfolios. Mr. Durnant made the point (October 12) that the Bacon and Woodrow performance figures showed that for the eight years up to the end of 1977 the Financial Times All Share Index (ASI) achieved a superior performance to three-quarters of the institutional funds surveyed, whichever annual starting date was taken. An index fund over this period clearly, therefore, achieved an above average return not the average. The data in the U.S. on pension fund performance shows that the broadly based Standard and Poors 500 Index is consistently in the upper quartile of the performance data—again an above average performance. Those are the facts and it is only reasonable to expect rational trustees and their actuarial advisers to draw the inescapable conclusion that there must be a rule for index funds in institutional portfolios.

The only question, on the facts, is not whether to use the index fund approach but how much of the equity portfolio should be indexed. In my view the evidence is overwhelming that an "active" investment approach among the top 100 companies in the ASI (which account for 68 per cent of the total market capitalisation of the 673 stocks in the ASI) will almost certainly lead to under performance as by and large taken as a group such stocks are efficiently priced and, therefore, it is not possible to beat the market by an active policy of buying and selling such shares as the margin of pricing "inefficiency" is consistently below the not inconsiderable costs of dealing in a particularly heavy imposition on purchase transactions. From a logical approach, I submit, is for institutions to invest a substantial proportion of the subject of their UK portfolio in a properly diversified selection

of the top 100 companies and to invest the balance on a traditional management basis, that is selection. The more should be "passively" managed with the objective of close performance correlation with the top 100 stocks. There would be the opportunity for some management of the core portfolio, particularly when anomalies appear. The "active" part of the portfolio should be invested in a range of high yielding smaller companies, recovery stocks and special situations, to seek to achieve superior performance in the less efficiently priced sectors of the market (the existence of inefficiency is evidenced by the performance results over statistically meaningful periods of high yielding unit trusts, "recovery" unit trusts and special situation unit trusts). This approach necessitates a redirection of management effort into the potentially more rewarding parts of the market. It also avoids unnecessary activity among the top 100 companies which activity more than any other factor accounts for the poor performance of many professionally managed portfolios when considered in comparison with the All Share Index.

To the inevitable question "why have a core, why not put all the portfolio into the less efficiently priced areas of the market?" there are solid answers: it is not prudent, involving greater risk and volatility and it is hardly practical to expect trustees to condone such a policy. The passively managed index fund should be seen only as a part, albeit an important part, of those institutional portfolios which are managed rationally with regard to the evidence of structure of the UK and U.S. stockmarkets. Peter Baker, Schlesinger Investment Management Services, 19, Hanover Square, W1.

Endemic

From Mr. M. Mitchell
Sir—In his memorandum to the Expenditure Committee on the subject of Britain and the European monetary system, the National Institute of Economic

and Social Research is reported (November 6) as saying that "other countries... have, economically, a lower inflation rate (than the UK). 'Endemic'?" So now we know. The British people by their very nature generate a high inflation rate. They cannot help it. It's something in the water (fluoride?) or those fogs which are apt to isolate the Continent which cause us to continually debase our currency. The more fortunate Germans and Swiss, due to the local abundance of seaweed and greenery, have (endemic) low rates of inflation, while the Italians... well what would one expect on a diet of spaghetti?

The funny thing is that I seem to remember a time—let me see, was it the 1930s, 1940s, 1950s or 1960s—when sharp action was taken by Government if the inflation rate threatened to rise over 3 per cent. It may be that the National Institute has been mis-reported, or possibly that it is staffed by very young men (I see their pardon, persons). In the latter event, however, they could spare a little time off from economics and social research to study the English language. The opposite word for a state of affairs engendered by politicians who fulfil their promises by a general and undeclared tax called inflation is epidemic. Inflation is a dangerous sickness which is invariably accompanied by corruption in the body-politic. It is neither endemic, nor incurable. M. R. S. Mitchell, The Old House, Aldham, Nr. Colchester, Essex.

Metrication

From Mr. J. Brooke
Sir—Congratulations to the director of the Metrication Board (October 31) for a very fine piece of nonsense. Down in Cornwall metrication is hardly felt, particularly in horticulture, where we still use Imperial weights and measures.

If the metrication board were abolished tomorrow, this country would drift quietly back to the measures it has used over centuries. It is by no means too late to go back on the commit-

ment to metrication forced without discussion on an unwilling electorate, even though such a step will put the metricators "at bay". Justin Brooke, Chymoreth Veon, Marazion, Cornwall.

Wanderlust

From the Managing Director of B & A Engineering Company.
Sir—Eric Short's excellent article (November 4) describing the drastic effects of inflation on the pension rights of those who change jobs in mid-career, highlights the dilemma of the middle-aged executive who feels tempted to sample new pastures.

I venture to suggest however, that he has over-simplified the problem by comparing the levels of pension earned by an employee who changes his job without a salary increase. Surely this is an unrealistic situation. Anyone changing jobs at the age of 40 will be influenced by a number of factors, including the salary in his new job, and the effect on his pension. If we take the employee aged 45 referred to in Mr. Short's article who is leaving a job at £6,000, but now assume a salary in the new job of £8,000, the situation at retirement will be rather different. At 5 per cent inflation he will receive a total pension of £9,075, which is only £1,536 pa less than he would have received from his old employer if he had stayed; but since he has received in his final 20 years over £26,000 more in salary, the balance would still be in favour of moving. Indeed, small additional voluntary contributions to his new employer's pension scheme would easily make up the gap without significantly reducing the spending power of the salary increase.

Even at 10 per cent inflation he can easily close the pension gap out of his increased earnings which will amount to nearly £15,000 over the 20 years. Admittedly his pension will fall well short of two-thirds of his much higher final salary, but does this matter? Anyone thinking of changing jobs in the middle of his working life would do well to consider

the very great benefits of making additional voluntary contributions out of his increased salary. If he cannot persuade his present employer to make special pension arrangements as part of his total remuneration package, M. J. Alt, The B & A Engineering Co., Menzies Road, Hastings, Sussex.

Degrading

From Jean Scott
Sir—May I as an employee say how much I agree with every word written on the subject of "attendance bonus" by your correspondent Mr. T. Dawkins (November 8).

Surely it is fundamental to the contract between employer and employee that in exchange for pay an employee attends for work regularly and punctually, unless absent for a recognised reason such as illness, holidays, etc.

For an employer to offer, and for an employee to accept, an inducement to fulfil such a basic obligation is degrading and strikes at the heart of the integrity which should exist between both parties.

I am sure that the vast majority of employers and employees are at one on this, and both sides should resist selling their souls in this manner.

Finally, how can we pass on decent standards of work ethics to our children if we ourselves sink to such a level? Jean Scott, Stone House, Mill Lane, Houghton, Lincoln.

Earnings

From Mr. J. Harrison
Sir—Being one of the people who needs and is also willing to work in retirement I have been interested in the correspondence which has recently appeared.

One aspect of the subject which has not evoked comment is the unfair, not to say dishonest manner in which the present Government has handled the matter of the amount a pensioner is permitted to earn before his retirement pension is affected. Chapter 14 of the Social NW3

Security Act 1975 Section 30 deals with this question. For A and B retirement pensioners the amount which could be earned before the pension was affected was £20 in any one week during 1975. The Act goes on to state that with effect from such day as may be prescribed in the week containing April 6... the substitution for £20 shall be:

1976	£30
1977	£35
1978	£50

The Minister has seen fit to amend these figures and the Act so that from mid November 1977 the amount has been £40/week and only rises to £45/week in mid-November 1978. Perhaps, by 1979 it may reach £50/week.

This is another flagrant breach of faith with the pensioner. I. L. Harrison, High Meadow, 35 Moor Lane, Addingham, Ribblesdale.

Trucks

From Mr. R. Ernest
Sir—I have recently returned from a holiday mainly spent in Patras, in southern Crete, a town which is enjoying a boom on the export earnings of its surrounding agrotikons—market gardens. A significant element in the not-very-congested traffic of the town is the brand-new pick-up trucks of the agrotikons, variously proclaiming at the rear "Mazda," "Datsun," "Isuzu," "Toyota," or "Nissan." I saw only one which modestly announced "Austin-Morris." This seemed in dimensions, appearance and capacity to be in every way the equal of the Japanese.

The Greeks, like us, are concerned about the volume of Japanese imports. Yet these vehicles were not sold to the Greek customers by Japanese dealers: they came through Greek dealers. We might profit from an investigation of why the Greeks, despite their country's strong and long-standing ties with Britain, market and buy Japanese rather than British trucks. Can it be incentives offered to dealers? Can it be better availability? It certainly does not appear to have anything to do with the product. R. Ernest, 7, Renscroft Avenue, Chapter 14 of the Social NW3

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Why Daddy wouldn't buy me a bow-wow

IT USED to be said that the best way to tell the difference between men and boys was to look at the price of their toys. With inflation, and some major changes in the toy buying habits which holds nearly two thirds of the average family, this distinction has become blurred this year. According to retailers, average stockings in 1978 will be markedly less bulging than in previous years. Families, it appears, are buying fewer toys of the cheaper category.

Instead, they are choosing higher-priced items, which all the family can use. Retailers believe that with all the extra cash in people's pockets (consumer spending has been at record levels), the average family will spend nearly £40 on each child this year. In addition, each child will receive half as much again from relatives and friends, they claim.

Add to that the adult toys the grown ups will give each other, and the toy purists, all heavier, ing away on their calculators (in themselves popular gift items this year), come up with the prospect of a record year. With 60 per cent of annual production about to be sold in the next seven weeks, the industry is expecting toy sales of around £350m (at manufacturers' prices), against £290m in 1977.

With the High-Street bonanza expected to start in the next week or so, (there are only 37 shopping days to Christmas), retailers report considerable interest in toys such as train sets and model car racing kits. In fact they hope that with all the stock on their shelves, this type of toy will be the most popular gift this year.

Many of the major manufacturers have invested heavily in this side of the market, and there is keen price cutting to capture sales. The toy makers estimate that for every £1 spent on a basic train set, about 25

One of the more popular electronic presents in the higher-priced range this Christmas is likely to be a £200 game in which a chess player challenges a mini-computer that can be programmed for varying degrees of skills.

by DCM's Scalextric (basic kit beginning to make a significant from £27), but once again a presence in Britain—games growing market has attracted based on computer chip technology and widespread nology. A runaway success in price cutting. This year DCM the U.S., the toy industry in the UK is confident that they will be AFX and Electronic 90 systems extremely popular this year, and (enabling cars to change lanes) a winner in 1979. However,

present this year is likely to be Chess Challenger 10 (price £200), in which a player challenges a mini-computer that can be programmed for varying degrees of skill. Also in heavy demand is Gammon Master (price £150), a backgammon version, and Boris (cost £200), another chess computer which displays its moves visually. Computer Mastermind, made by Invicta, is reported to be less popular this year than in the past. Television games are said to be in good demand.

Among the lower-priced items, the most popular toy this Christmas is expected to be Palitoy's Action Man. This has been described as a classic marketing success which has effectively solved the problem of producing a "doll" for boys.

This year, the military range has been extended, in spite of market indications that so-called "war" toys are becoming less popular. There are 10 basic figures for which there are now a wide range of uniforms, and extra equipment includes small arms, a helicopter, motor cycle and a tank. There is also a range of all the Star Wars characters and vehicles.

At the most expensive level, Hamleys reports a "staggering" demand for TI Raleigh's Buglet, a miniature vehicle complete with Honda engine, costing £395. There is similar demand for a Go-Kart, which costs £750. They are not allowed to be used on the public highway system.

Continued strong demand is reported for one of the industry's staples—the die-cast toy which accounts for more than a quarter of annual toy sales. All the major manufacturers are back on the shelves with new and improved ranges, including Airfix with Dinky, Lesney with Matchbox, Mettoy with Corgi and Mattel with Hot Wheels.

On the dolls side, DCM's Sindy fashion doll continues to take the lion's share of the market, with the Knickerbocker range of stuffed dolls and plush animals also proving very popular.

The UK is also well prepared on the film characters merchandising side of the business. This year "space" toys are expected to sell well following the box office successes of such films as Star Wars, Close Encounters of the Third Kind, and the re-release of 2001 — a Space Odyssey.

The company to benefit most will probably be Palitoy, which has the exclusive UK franchise for the Star Wars characters. The company is selling a range of 12 figures about four inches high — retailing at about £1 each; they hope to sell at least 2m figures by the end of the year.

Lesney has a Matchbox range of Adventure 2000 futuristic vehicles, while Airfix has manufactured an impressive set of Micronauts and Eagle semi-articulated figures, including a Dr. War which fires rockets from its arms, as well as construction kits of lunar modules, space shuttles and starcruisers. Mettoy has entered the fray by extending its range of Bustodol figures (semi-articulated twist-and-turn figures) to include spacemen, aliens from outer space, robots and flying saucers, but it is having little overall success against DCM's Play-people.

Dolls based on the Muppets characters in the TV show continue to be popular, although demand is expected to wane now that the show has ended. In the character merchandising field however, the biggest disappointment so far this year has been the weak demand for the Walt Disney products in



"But Dad, you've bought us nothing we can smash up"

this, the 50th birthday year of Mickey Mouse.

Debenhams in Oxford Street has a large area earmarked exclusively for Disney toys. The company toy department manager, Miss Pamela Jenkins, admits that sales have been disappointing. However, she hopes that demand will pick up nearer Christmas.

Elsewhere in the shop, toy sales were already about 30 per cent ahead of the same period last year (when the suburban shops did better) she said. This year, she expected this position to be reversed as a result of the Oxford Street Association deciding to bring back Christmas lights for the first time in 11 years.

Attractions such as the planned laser beam aerial display in Oxford Street would also bring families into the West End, and toy sales would benefit accordingly, she added.

Mrs. Dawn Allen of Hamleys confirmed the increase in toy sales (about a third higher to the end of October). She had noticed that parents were becoming more practical in their choice of toys, hence the popularity of such items as Pretend Hoover (£8) and Kitchen Centre (£8).

She had also noticed a dramatic revival of the Teddy Bear and the month or so (prices £1 to £78). Executive toys such as Newtons Cradle with its swinging steel balls and cheque book covers with jukey labels were also very popular.

Mrs. Allen estimated that the average Hamleys shopper would spend about £100 on each child this Christmas, a figure similar to last year.

Overall, however, the kids can expect their best Christmas ever. But they are not going to be impressed by having fewer toys to break and it looks as if they are going to have to share their toys with dad.

Weekend Brief

Getting cracking

TRY TO convince the nation's rear-50m hens that it would really rather help, if they watched their egg production fluctuate in demand and ou'll get a squawk for an answer. Which is why the Eggs Authority aims to boost total advertising and promotion expenditure next year from 1.49m to present £2.96m.

Egg producers are having a rough time. Conservatively, asses are running at £2m a week thanks to overproduction, though in recent days, a scheme to kill off 2.5m pensionable hens and raise egg prices 9p a dozen has been shelved. As it happens, the Eggs Authority's plans to advertise itself out of a crisis go against the advice of John Sainsbury, chairman of Sainsbury's supermarkets, who told a recent conference that the best advice he could offer was to produce what he industry could sell, not sell what the industry could produce.

On the other hand the producers show scant signs of voluntarily reducing production, which is why the Eggs Authority is pressing for £2.65m worth of advertising next year against £1.2m for 1978-79. It plans to buy out £2.1m on TV, £310,000 on women's magazines, £100,000 on radio and £50,000 on posters. The planned TV spend is a huge leap from the current £875,000, in addition it hopes to spend 310,000 on promotions.

According to the Authority: There is now concrete evidence that a return to an effective weight of TV advertising will increase consumption. For the 12 months to September his year, television advertising in the Scotland/Border region has been running at twice the national level. The prediction was that consumption in the east area would improve by 1 per cent against the rest of the country, and 1 per cent of a 450m market is not chickenfeed.

The results to date have been dramatic. After 10 months, egg purchases in Scotland/Border had increased 7 per cent against England and Wales over the same period. In reality, sales in Scotland/Border increased by 5 per cent; sales in England and Wales fell by 2 per cent.

The implications are of vital importance. If the amount spent on advertising is restored to an effective weight we can begin to push consumption back towards its levels of a decade ago. In 1970, for example, per capita consumption of shell eggs was 20 per cent higher than today. In the late 1960s it was higher still.

Eggs Authority marketing manager Paul Morris says that when he joined the organisation four years ago he was disappointed to find it spending less than 1 per cent of sales on advertising in a market then worth just under £400m. In real terms even today it is spending only a third of what the old Eggs Marketing Board was spending.

Crack a meal today



declined to give this state-owned body credit and insisted on instant travel cheque payment. A few travel agents apparently spent an hour or two in a local jail because not one was carrying a passport when the night club they were patronising was raided.

The deepest shock was that Spain is no longer the bargain basement destination that once it might have been. Taxis from some hotels to the conference centre were costing £1.40 each way and meal prices were well up to London standards. No wonder one speaker was driven publicly to warn the Spanish that Sri Lanka and the Gambia, for all their distance from London, were getting to be both cheaper and to provide better service than Spain.

But if the Spanish are not over-amused by some of the remarks made about one of their prime holiday destinations, the Association of British Travel Agents, might be happy that at last it has found a formula for its business sessions which actually keeps the delegates within the conference centre. Traditionally ABTA conventions see most of the real business done in the corridors and hotels, the platform being only a side attraction. This year the speakers played to packed houses, something of a relief to ABTA since its annual gathering is one of the biggest on the British overseas convention calendar. The fact that ABTA is getting more serious about its work might come as bad news to a British Government concerned about the balance of payments, since most ABTA members are dedicated to reducing a tourism trade balance which is currently £1bn in the UK's favour.

The one gleam of hope for any Chancellor is that any host nation for ABTA traditionally gets a bad press and often fares badly in the year afterwards as far as British business is concerned. Next year the convention is being staged in Los Angeles. Perhaps that will put a stop to the rise in traffic to the U.S.

Contributors: M. Thompson-Noel, and Arthur Sandles.



ABTA President Margaret Hook: from Costa del Sol to Costa California.

Economic Diary

MONDAY — Prime Minister is principal speaker at Lord Mayor of London's Banquet, Guildhall. European Central Bankers begin two-day meeting in Basle. Index of industrial production (September provisional). Retail sales (October provisional). Turnover of the catering trades (third quarter). Statement by Association of Scientific Technical and Managerial Staff on petrochemical industry. European Parliament session opens. Strasbourg.

TUESDAY — Balance of payments current account and overseas trade figures (October). Portuguese President General Eanes arrives in UK on State Visit. Mrs. Margaret Thatcher, Conservative Party Leader, visits Institute of Indian Culture, Castletown Road, London.

WEDNESDAY — Portuguese President in talks with Prime Minister. Downing Street. House of Commons debates Developments in the European Communities. Statement by Pharmaceutical Society on pay offer to chemists. Basic rates of wages and normal weekly hours (October). Monthly index of average earnings (September). Cyclical indicators for the UK economy (October). Announcement from Russian Foreign Relations Department in the UK on Soviet shipping policy. Mrs. Indira Gandhi at Foreign Press Association luncheon, Cafe Royal, London.

THURSDAY — Mr. Denis Healey, Chancellor of the Exchequer, speaks at Trades Union Congress industrial strategy conference in Grand Hotel, Birmingham. UK banks' assets and liabilities and the money stock (mid-October). London dollar and sterling certificates of deposit (mid-October). Mr. Wang Chen, Chinese Vice Premier, see Prime Minister. House of Commons. EEC Health Council meeting. Brussels. Science Research Council annual review. Consumers' expenditure (third quarter—second preliminary estimate). Finished steel consumption and stock changes (third quarter—provisional). Building Societies mortgage survey, 3 per cent sample survey results (third quarter).

FRIDAY — Retail prices index (October). Preliminary estimate of gross domestic product based on output data (third quarter). Mr. Edward Heath, MP, at Bow Group jubilee dinner. Grand Hotel, Birmingham. Mr. David Steel, Liberal Party Leader, addresses Union of Liberal Students' conference. Prince Consort Road, London.

Queen group

ABRIDGED PARTICULARS

Application has been made to the Council of The Stock Exchange for the whole of the issued Ordinary Share capital of Kitchen Queen Group Limited ("the Company") to be admitted to the Official List. The Application List will open at 10 a.m. on Wednesday, 15th November, 1978, and will close on the same day.

DI LUSO

Kitchen Queen Group Limited

Authorised £3,000,000

SHARE CAPITAL in 30,000,000 Ordinary Shares of 10p each

Issued and fully paid £2,504,400

Offer for Sale

Halliday, Simpson & Co. Offer for Sale 6,812,500 Ordinary Shares of 10p each at 29p per share, payable in full on application.

The Company's Activities
Kitchen Queen sells and manufactures do-it-yourself kitchen, bedroom and living room furniture.

Profit Record
Annual turnover of the Group in the last five years has increased from £3.2m to £15.7m; for the year ended August, 1978, and profits have increased from £270,000 to £1.46m.

Its Retail Business comprises three major stores in Manchester, Coventry and Leeds. The Manchester outlet, the largest, displays 55 fitted and 28 self-assembly kitchen settings and over 25 displays of fitted and self-assembly bedroom furniture thereby enabling customers to compare the products of different manufacturers side by side, and is probably the largest and most comprehensive display of its type in the country. Almost immediate delivery is available on most items.

Profit Forecast
In the absence of unforeseen circumstances, the Directors forecast that turnover and profits of the Group before taxation and extraordinary items for the year to 31st August, 1979, will be not less than £19.7m and £1.8m respectively.

The manufacturing activities are mainly the supply of self-assembly kitchen and bedroom furniture to the do-it-yourself trade under the Di Lusso name. Di Lusso furniture is displayed and sold through over 1,100 outlets of UK retailers as well as Kitchen Queen's own stores.

Dividend Yield
On the basis of an expected charge of 12 per cent, and at the offer price of 29p, the shares are being offered at a price earnings multiple of 4.6. On a theoretical full tax charge of 52 per cent, the price earnings multiple would be 8.4. On a forecast dividend of 2p per share (2.5p in a full year), the gross dividend yield for the full year would be 8.6 per cent.

Copies of the full Offer for Sale (from which these abridged particulars are derived) incorporating Application Forms on which alone applications will be considered can be obtained from the Financial Times and the Daily Telegraph published yesterday, or from:

Halliday, Simpson & Co.

98 King Street, Manchester M60 2HA

73 Cheapside, London EC2V 6ES

Algemene Bank Nederland NV

Pail Mall Court, 61 King Street, Manchester M2 4PD

61 Threadneedle Street, London EC2P 2HH

Lloyds Bank Limited

Registrar's Department, Issue Section,

111 Old Broad Street, London EC2N 1AU

or by telephoning

(061) 832 8895/6/7

Today 9.00 am to 1.00 pm. Tomorrow 9.00 am to 2.00 pm.

Current payment	Date of payment	Corre- sponding div.	Total for year	Total to date
2.85	Jan. 5	2.5	4.5	4.5
3.5	Feb. 6	2.25	—	6.4
3	Jan. 11	2.1	—	6
3.5	Dec. 26	2.5	—	40.8
4.05	Jan. 23	3.625	5.3	47.5
4.12	Dec. 31	1	—	3.23
6.51	Jan. 31	Nil	—	0.29
1.85	Dec. 19	1.58	—	2.61
1.65	Dec. 19	1.65	0.61	1.85
1.45	Jan. 17	1.12	2.35	1.52
4.16	Jan. 5	3.58	7.48	6.70

per share net except where otherwise stated

allowing for scrip issue. 1 On capital
and/or acquisition issues. 2 Additional 0.0382
on subdivision and scrip. 3 Plus additional 0.1025
interim.

on Property u
in first half

of the same period last year, trading results were very satisfactory.

He said: "We seem to have over our slight setback last year and be back to normal. However, 'King & Shaxson' is important in determining profit for the half year, but not prepared to give any forecast at this time."

King & Shaxson satisfactorily

SATISFACTORY PROFITS. King & Shaxson earned \$1,000,000 in 1978, compared with \$1,000,000 in 1977. For the six months to the end of October, 1978, the directors

rose 2½ per cent. In addition to this profit was a higher contribution from King Shroton Fund Managers. The net interim dividend 20p share is held at 1p and

a further final dividend for the year of 0.0362p, following a change in tax rate to 33 per cent, costing £3,258 (£2,817).

The directors intend to pay a total dividend for the current year of not less than the minimum permitted. Last time a dividend of 2.3897p was paid from a retained profit after providing for tax, minority and directors' fees of £1.22m.

lying for oon

After this payment, dividend on the stock will remain in arrears.

TSB Trust success

The TSB Trust Company, investment services and insurance arm of the Trustee Savings Bank, reports a considerable demand for its two newly launched gilt funds. Over £6.5m has been subscribed during the initial two-week

period which closed on November 30. A figure of £3m had been ascribed to the TSB Gift Fund for both UK and Guernsey residents. A further £0.3m had been invested by residents in Jersey to the Gift Fund (Jersey).

Mr. Philip Keene, chairman of the TSB Trust pointed out that this amount invested comfortably exceeded the target set of £5m.

These funds operating in the Channel Investment in UK and Guernsey have attracted a 25% dividend the gross on a quarterly basis, a valuable feature for investors paying no tax or only the 25 per cent rate. The estimated gross yield on the fund

the offer price of £1 per share
at 12 per cent.

sent to shareholders who tender their shares "as promptly practicable." The offer is due to expire on Monday at 5 pm New York time unless it is extended.

MURPHY BROS.
group within the BET organization; has acquired Northern Grothing Engineers who are active in the building structures and soils for the engineering and other industries.

STAKES
F. Hambros Ltd has bought 50,000 shares in Hambros Ltd and now holds 100,000 shares (10.85 p cent).
Northern Securities Trust has bought 100,000 shares (10.85 p cent) following a recent sale on the market.
Packaging has raised 175,000 shares (17.5 p cent).
Samrid has raised 16 stake-
17 per cent from 16 per cent.

small purchases over the last few months.

Home, Forté-Kuwa-
Investment Office has acquired an interest in a further 60,000 shares, making total interest 5,466 (5.4 per cent).

Alco. & Silicom Holdings-
result of exercise of option, 10,000 shares have been issued to J. H. Chamberlain, chairman. M. Chamberlain has 10,000 shares.

Scottish Heritable Trust-
N. Green, director, has sold 25,000 shares at 45p and 20,000 at 47.50p, making a profit of 75,000 at 25.00p under option agreement, with A. Cochrane Duncan. This makes his total holding 127,500 shares.

Electric-11 Lewis, director, sold 17,500 shares on November 3.

Canadian and Foreign Investment Trust- Standard Life Insurance Co. of Canada Ltd. has acquired interest. Company holds 467,500 shares.

Royal Electricities-E. T. Harrison, chairman, sold 10,000 shares at 11p on October 26.

Pringle and Co. Ltd.-D. W. Day, chairman, has sold 500 shares, making beneficial interest 304,000 (28.5 per cent).

(continued)

Real Property up to first half

of the same period last year, and trading results were very satisfactory.

He said: "We seem to have got over our slight setback last year and be back to normal. However, as Christmas trading is so important in determining the profit for the half year, I am not prepared to give any forecast at this time."

King & Shaxson

satisfactory

SATISFACTORY PROFITS were earned by Kiag and Sharps banker, for the six months to the end of October, 1978, the directors state. During the period **MIL** rose 2½ per cent.

In addition to this profit there was a higher contribution

The net interim dividend per 20p share is held at 1p and costs £134,328 (£130,363) and there is a further final dividend for last year of 0.0362p, following the change in tax rate to 33 per cent costing £3,258 (£2,817).

The directors intend to pay a total dividend for the current year of not less than the maximum permitted. Last time a final dividend of 2.35p was paid from a record £1.22m profit after providing for a 10p rebate, tax, minorities and transfer to contingencies.

stock on account of arrears. The payment will be made on January 2 to stockholders registered on December 1.

TSB Trust
success
The TSB Trust Company, the investment services and insurance arm of the Trustco Savings Bank

reports a considerable demand for its two newly launched gift funds. Over £6.5m has been subscribed during the initial two-week offer period which closed on November 8. A figure of £6m had been subscribed to the TSB Gift Fund from both UK and Guernsey residents and from ex-patriates, while a further £0.5m had been invested by residents in Jersey to the TSB

Mr. Phillip Keens, chairman of the TSB Trust pointed out that this amount invested comfortably exceeded the target set of £5m.

These funds operating in the Channel Islands invest in UK gilts and have the attraction of paying dividends gross on a quarterly basis, a valuable feature for investors paying no tax or only at

the 35 per cent rate. The estimated gross yield on the fixed offer price of £1 per share was 12 per cent.

sent to shareholders who tender their shares "as promptly as practicable." The offer is due to expire on Monday at 5 pm New York time unless it is extended.

MURPHY BROS.

Murphy Bros., a subsidiary group within the BET organisation, has acquired Northern Grouting Engineers which specialises in the grouting of structures and soils for the civil engineering and other industries.

Hambros Ltd has bought 50,000 shares. Hambros Ltd and subsidiaries beneficially interested in 2,885,230 shares (10.85 per cent).

Northern Securities Trust—London and Manchester Assurance following a recent sale now holds 628,000 shares (17.62 per cent).

Finlay Packaging—Jefferson Murmut has raised its stake to

Trust Houses Forte-Kuwait investment Office has acquired an interest in a further 60,000 shares making total interest 5.48m. (5.42 per cent).

Clive Discount Holdings—As result of exercise of option, 10,000 shares have been issued to J. H. Chamberlain, chairman. Mr. J. H. Chamberlain has 14,100 shares.

manubrier has sold 10,000 shares.
Scottish Heritage Trust—
Green, director, has sold 25,000
shares at 45p and 20,000 at 47.52p.
He has acquired 75,000 at 23.333p
under option agreement with
Cochrane Duncan. This makes
his total holding 127,500 shares.
General Electric—D. Lewis,
director, sold 17,321 shares on
November 3.
Canadian and Foreign Invest-
ment Trust Standard Life Insur-

nce. **Company Holds 487,500**
Shares (7 per cent).
Racal Electronics E. T. Harri-
son, chairman, sold 10,000 shares
Sept. on October 26.
Jackson - Roun End-Dawn-
range has bought 2,500 shares
making beneficial interest 304,000
(3.6 per cent).

[illegible]

Mild rally in early trading

INVESTMENT DOLLAR
PREMIUM
\$2.50 to \$3.00 (79.5%)
Effective \$1.950 (81.5%)
A MILD RALLY developed in early trading on Wall Street yesterday, aided by a firmer dollar, technical strength and a slowing in the pace of interest rate increases.

By 1 p.m. the Dow Jones Industrial Average was up 3.86 to 807.00, reducing its loss on the week to 16.11, while the NYSE All

Closing prices and market reports were not available for this edition.

Common Index, at 532.78, rose 26 cents on the day but was still down 7.71 on the week. Gains led losses by a two-to-one majority, while the trading volume totalled 12.18m shares.

Citibank held its prime rate unchanged at 10 1/2 per cent although the key rate is widely expected to go higher.

Analysts said the Federal Reserve may be able to hold a steady credit course for a time. Thursday it reported a \$2.1bn rise in the nation's basic money supply, which only partly retraced the \$4.6bn drop the week before.

Exxon added \$7 to \$50.10, found no hydrocarbons in the first test of its Baltimore Canyon well, but plans more tests. Texaco rose \$1 to \$24.50, Mobil \$1 to \$67.

and Atlantic Richfield \$1 to \$50.10, Gulf Oil was up \$1 to \$25 in active trading—earlier this week it completed drilling a well off the New Jersey Coast and said it would begin testing.

Sterling topped the active list, rising \$1 to \$20, before trading was halted pending news. Thursday it raised its dividend and said it may redeploy assets.

Falcon Seaboard tacked on \$1 at \$25, although it reported lower third-quarter profits.

General Motors gained \$1 to \$36.40, Ford Motor rose \$1 to \$34.00, its October truck sales were up 1 per cent.

Dome Mines picked up \$1 to \$71.10, its nine months net earnings rose sharply from a year earlier.

The American Sea Market Value Index gained 0.88 to 142.93 on a turnover of 1.24m shares.

CANADA—Markets turned generally better in moderate trading yesterday morning, with the Toronto Composite Index rising 2.4 to 1,212.6.

The Oil and Gas Index rose 1.5 to 1,358.3. Metals and Minerals 3.5 to 1,083.3. Utilities 0.61 to 15.50 and Papers 0.83 to 14.47. But Golds shed 1.2 to 287.25 and Banks eased 0.14 to 287.25.

PARIS—Steady in quiet trading, Poindin, up Ffr 2 to 228, led gains in the Paris 100 Index. Banks and Foods steady to higher. Metals easier. In Elec-

tricals, Matra fell Ffr 290 to 5,510. BRUSSELS—Mostly higher in quiet trading. In Foreign stocks, UK and French issues little changed. Germans higher. Dutch and Swiss active trading although late profit-taking. Volume 41m (39m) shares.

TOKYO—Mainly higher in fairly active trading although late profit-taking. Foreign Bonds steady, while Japanese issues fell lower in hesitant trading.

Textiles rose under lead of Synthetic fibres which reported a sharp rise in first half year profits. Moulding fell following recent decline in International Tanker Market.

Some Foods, Pharmaceuticals and Chemicals generally lower on profit-taking. Export-oriented Electricals, Vehicles and Cameras lacked support.

HONG KONG—Higher in increased trading. JOHANNESBURG—Gold shares higher, reflecting lower bullion price, but dealers saw some hardening towards close. There was no selling interest from the U.S. or UK, leaving local market short of scrip.

MINING—Financials mixed, and Platinum softer. Increased trading. AUSTRALIA—A recovery in selected industrials main feature of otherwise quiet trading.

Moulding fell following recent decline in International Tanker Market. Activity and shedding 3 cents to 32 cents.

National Bank lost 5 cents to \$42.50, despite higher profit.

Indices

NEW YORK—DOW JONES

												1977		Since Completion	
	Nov. 9	Nov. 8	Nov. 7	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Nov. 1	Nov. 30	Nov. 29	High	Low	High	Low
Interstate 4	305.57	297.61	300.07	314.81	325.11	319.26	307.74	321.12	310.70	307.74	321.12	105.70	110.70	41.90	47.90
Nov. 10	36.24	35.41	35.23	35.43	35.25	35.26	35.27	35.28	35.29	35.30	35.31	35.32	35.33	35.34	35.35
Interstate 5	210.98	215.55	211.14	216.04	219.64	213.04	210.38	211.98	210.38	210.38	210.38	279.88	279.88	12.20	12.20
Interstate 6	21.00	20.84	20.97	20.81	20.81	20.81	20.81	20.81	20.81	20.81	20.81	20.81	20.81	20.81	20.81
Interstate 7	26.20	25.59	25.50	26.04	26.07	25.48	26.10	26.10	26.10	26.10	26.10	26.10	26.10	26.10	26.10

FINANCIAL TIMES SURVEY

Saturday November 11 1978

سورتي المالية

Crucial
years
lie
ahead

by Colin Inman

Seychelles

The islands of Seychelles in the Indian Ocean have emerged relatively unscathed from last year's coup. This Survey reviews progress since then, particularly the islands' efforts to broaden the base of the economy away from dependence on tourism.

SEYCHELLES HAS only made headlines in the world's Press three times in its history. The first was in 1971 when the new report on the main island, Mahé, opened the islands up to the rewards and vicissitudes of mass tourism; the second in 1976, when the islands became independent from Britain, setting up as a republic with a president and a prime minister; and the third in 1977, when the president was replaced by a then prime minister in a coup which brought the current regime, headed by President Albert René, to power.

Now, more than a year after the coup, President René's government has outlined its priorities and begun to put them into effect. The next few years will be crucial to Seychelles' political and economic development.

Seychelles has a population of about 61,000 people, spread around a group of probably 92 islands (estimates vary but this is the most popular figure), 37 of which are granitic, the rest coral. Most of the population is on the largest island Mahé, which is about 17 miles long and five miles wide.

The islands have no indigenous population. They were discovered by the Portuguese in the 16th century, but remained uninhabited until the 18th century when the French established a settlement on Mahé, that took over on independence in 1976. The islands were captured by the British in the Napoleonic wars, and incorporated as a dependency of Mauritius in 1810.

There is no evidence that British were particularly not to endear him to the Seychellois. He was rarely in the

of life on the islands is still more French than English, the local language a patois based on French. Most people speak all three languages.

Seychellois come in all colours from white to black; their origins lie in Black Africa, Malaya, China, India as well as Europe. They breed what must surely be the world's most attractive children.

For decades the Seychellois slumbered peacefully, not needing to work for fish and vegetables are plentifully available.

The transformation came in 1971, when an airport, financed in a complicated deal by American money and capable of taking modern jet aircraft, was opened on Mahé. Suddenly the islands began to appear in the travel agents' brochures as an exotic (and expensive) holiday destination. The islands' economic base was transformed, although the tourist industry never grew at such a pace that it threatened to destroy their beauty.

Seychelles was led into independence, possibly prematurely, in 1976 by the flamboyant James Mancham, whose Seychelles Democratic Party had earlier won a bitterly contested (and probably corrupt) election, over the Seychelles United Peoples Party (SPP), led by Mr. René. In the event the Government made the usual noises of protest, while in the islands life settled down again. Splendid counter-coup rumours appeared, including one which suggested that Mr. Mancham was about to invade the islands dressed as a woman. It took Britain only

eight days to announce its recognition of the new regime. The Government that emerged under President René—who has always averred that he was not one of the organisers of the coup—can best be described as mild marxist in its pronouncements and mild socialist in its actions. Certainly its left-wing bark is fiercer than its bite. The fears of those who thought that the tourist industry might be squeezed out proved unfounded, the Government producing an economic policy which put more emphasis on broadening the base while paying much more attention to social problems such as housing and education. The aim was to improve the lot of the average Seychellois, many of whom had not benefited at all from the tourist explosion.

Unfortunately, political instability generates some of its own economic problems—in this case the flight of capital from the islands and the drying up of private development capital. Most of this money has still not returned, an attempted counter-coup earlier this year being another damper on investor confidence.

And yet no one who has invested has lost his money through any action of Government, many have done very well, and only a few of those who bought land earlier in the decade in the hope of a big killing are likely to get their fingers slightly burnt when the land is bought back for essential purposes such as agriculture and schools under the islands' land use plan. There are no exchange controls, a

Protest

The Western Press leapt to the conclusion that this must have been a Russian-inspired coup, although the fact that neither the USSR nor China sent congratulations led President René to point out that this was probably because neither had organised the coup; both suspected the other had done so; and both wished they had done so themselves.

In London Mr. Mancham made the usual noises of protest, while in the islands life settled down again. Splendid counter-coup rumours appeared, including one which suggested that Mr. Mancham was about to invade the islands dressed as a woman. It took Britain only

pledge that was reiterated by President René during his successful, if little publicised, visit to London in September.

So there is no question but that Seychelles will have to continue to rely on foreign grants and loans for some time yet. President René reckons that even more aid will be needed in three years' time, when a start is made on industrial projects. Aid comes from a wide variety of sources. Britain, which provides around \$45m annually in various ways, tops the list, and is popular because there are no strings attached; the French are helping with a deep sea fishing project (together with Britain) but are always seen to be pushing the use of the French language; the Russians are liable to want to move lots of "advisers" in with any project they are involved in.

The fishing project seems to be the most likely way for Seychelles to diversify away from dependence on tourism. Because of the vast area covered by the islands, with a 200-mile limit (which, like other countries, it has declared ahead of time) Seychelles will be able to lay claim to no less than 400,000 sq. miles of ocean.

Large areas of these waters are already fished for tuna (which, paradoxically, the Seychellois do not eat) by sophisticated Japanese, Russian and Korean ships. A licensing arrangement will obviously produce good rewards. But more important is the setting up of Seychelles' own fleet and cold store and even possibly a processing plant; this project is

Another hope is offshore oil. A consortium headed by Burmah Oil Seychelles has done seismic surveys on an initial 24 blocks, and a second series of plot offers has just been made.

The Government has imposed a 55 per cent income tax rate on oil receipts, royalties of 12.5 per cent and a State participation option covering 50 per cent of the licences, conditions similar to those applying in the UK sector of the North Sea.

If oil is found in commercial quantities it will certainly transform the islands' economy, but a sudden influx of oil wealth might have a disruptive effect on Seychelles society.

stitutional Committee, which has just reported — and, more surprisingly, by many islanders, including expatriates.

Admittedly the one-party system works fairly well in several African countries, but there is bound to be disquiet over a system that allows the Government to change only by violence. And there is a wide body of opinion that considers that, despite the apparent lack of opposition, President René's party would be hard pressed to win a free election.

Abroad, President René's Government has forged close links with a number of African States, particularly Tanzania, which has trained many of the Seychellois soldiers, and Libya, which is now building an embassy in the capital Victoria.

Constitution

One cause for concern in some quarters is the new constitution, which is likely to be adopted next year, and which will probably set up a one-party State—the SPP being the party. The President will be able to serve for a maximum of three terms of five years. Members of the National Assembly will be elected by constituencies, while Ministers will be chosen by the President and not elected.

President René argues persuasively in favour of the one-party system. The people, he says, are fed up with political strife, with disagreement for disagreement's sake. In a small population and in a developing country, you cannot afford to waste time in non-productive political activity. And his party needs former members of the opposition to work with them.

Many of his sentiments seem to have been echoed by the Con-

direction that does not coincide with Seychelles' interest.

In any case, none of these political questions have had any effect on the tourists who continue to flock in to islands that are as beautiful as any in the world, to a climate that is hot but not unbearable and to hotels that are well designed, well run and with efficient service. Tourism growth has been steady, averaging around 10 per cent annually at present, and the islands' amenities have not been spoilt.

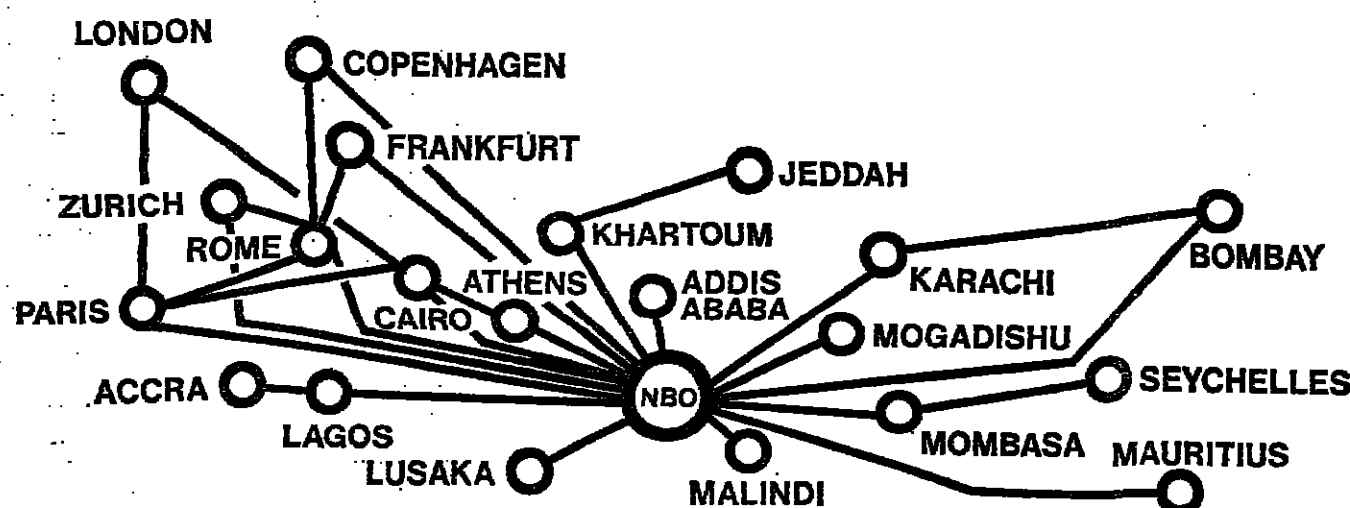
Nor have the inhabitants of Seychelles, who remain friendly if slightly lazy, who appear contented in spite of the evidence of a very different standard of living that they can see daily, among visitors, and whose best years, one hopes, are still to come.

President René is not perfect. He has not yet been able to carry out his post-coup promise of being able to walk freely among the people, being still fairly heavily surrounded by guards. The growing army, and particularly the people's militia, are not popular, and there is occasional unrest between army and police. The Government is criticised for having thought up few totally new policies. There are those who believe that too much emphasis is being placed on social development rather than capital projects, and that the paradise promised has not yet begun to materialise. There are those who believe that censorship of Press, mail and personal freedom of speech may become of unacceptable proportions.

But the President is heading a young Government, which has a defined set of priorities and is sticking to them. It has accepted the role of tourism as essential to development, but is trying to diversify. It has recognised the Seychelles is more than just Mahé. It has recognised that action is needed rather than words—not that it has been short of words. And it has recognised that there is an enormous management gap to fill, and that the people must be encouraged to work, something that does not come naturally to them.

It is a good start, which deserves a few years of steady and politically untroubled development. Any other alternative is a depressing prospect.

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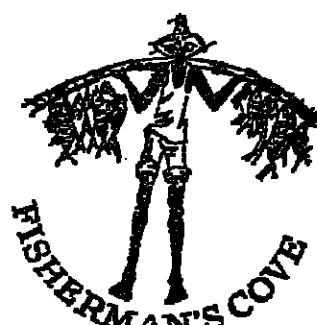


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Seychelles' largest hotel, the Mahé Beach, is situated on the island's west coast



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The 'islands of love'

WHEN IT comes to describing in a tropical paradise — lush casual and preferably cotton clothes; formal dress in the form of jacket and tie is almost unknown.

You cannot really blame them for waxing lyrical. For all description, it is so intangible: timelessness, tranquillity, mystery, a feeling that no it has sandy beaches, coral matter what ravages the hand reefs, wooded mountains and a wide variety of spectacular scenery. Not everyone will enjoy it — for some it may be too hot, for others too far away, for others there will not be enough to do — but an increasing number of people are finding the islands the perfect holiday resort.

Certainly Seychelles is a long way from Europe, farther than, say, the Caribbean. And since there are no direct flights — most stop at Zurich and Nairobi — there is more risk of delay. When I visited the islands last week the outward flight arrived 18 hours late and involved an overnight stop in Zurich, as well as long periods of not being told what was happening by British Airways. There will be those for whom such uncertainties will be enough to make them look elsewhere for their next holiday. But at least the airport on Mahé is being improved so that it will be better able to cope with a Jumbo-load of visitors.

It is worth sparing a glance for the airport when you arrive; opened in 1971 at a cost of £6m, and subsequently extended, it involved the reclamation of 230 acres from the Indian Ocean, dredging sand and coral from the reef and slicing the top off two hills. The long travelling times mean that Seychelles is not a place to stay for just a week. Most packages are based on a two-week stay, and some operators offer a third week "free" at certain times of year.

The islands' climate is hot, but not normally uncomfortably so, with temperatures averaging 75-85 degrees F throughout most of the year. Average sunshine is seven hours a day, and rainfall heavy at around 90 inches a year. March and April are hot; July and August cooler; December to February the wettest; May, June and October the most pleasant. Although Seychelles lies near the Equator there are few tropical diseases, and the only vaccination needed by UK visitors is against smallpox.

The climate gives Seychelles its extraordinary luxuriance of vegetation: exotic trees and shrubs — palm, capucina, screw-pine, casuarina, cinnamon, clove — cover the islands, and also do a good job in camouflaging the big hotels. It is a climate for

casual and preferably cotton clothes; formal dress in the form of jacket and tie is almost unknown.

You can of course come to Seychelles solely for the sand, sun and sea. Several of the big hotels are admirably suitable for the holidaymaker who simply wants to soak up the sun, with an occasional swim in pool or sea. The Mahé Beach, on the west of the island and a longish drive by Seychelles standards from Victoria, seems particularly suited to this, though others such as the Beau Vallon, Coral Strand and Reef have enough amenities to enable the visitor just to stay there without moving further afield.

But for those who do want to see something of the islands, what is there to do? The first thing is to become mobile. Most visitors do this by hiring a Datsun or a Mini-Moke, the latter particularly suited to the narrow, twisting roads. This will cost around £60-70 per week, unlimited mileage. The guide books suggest that you can get around Mahé by buses; the queues for buses which never seem to arrive suggest otherwise. The Moke's only disadvantage is that you cannot lock it. There is a certain amount of pilfering, so leaving anything in a Moke is unwise.

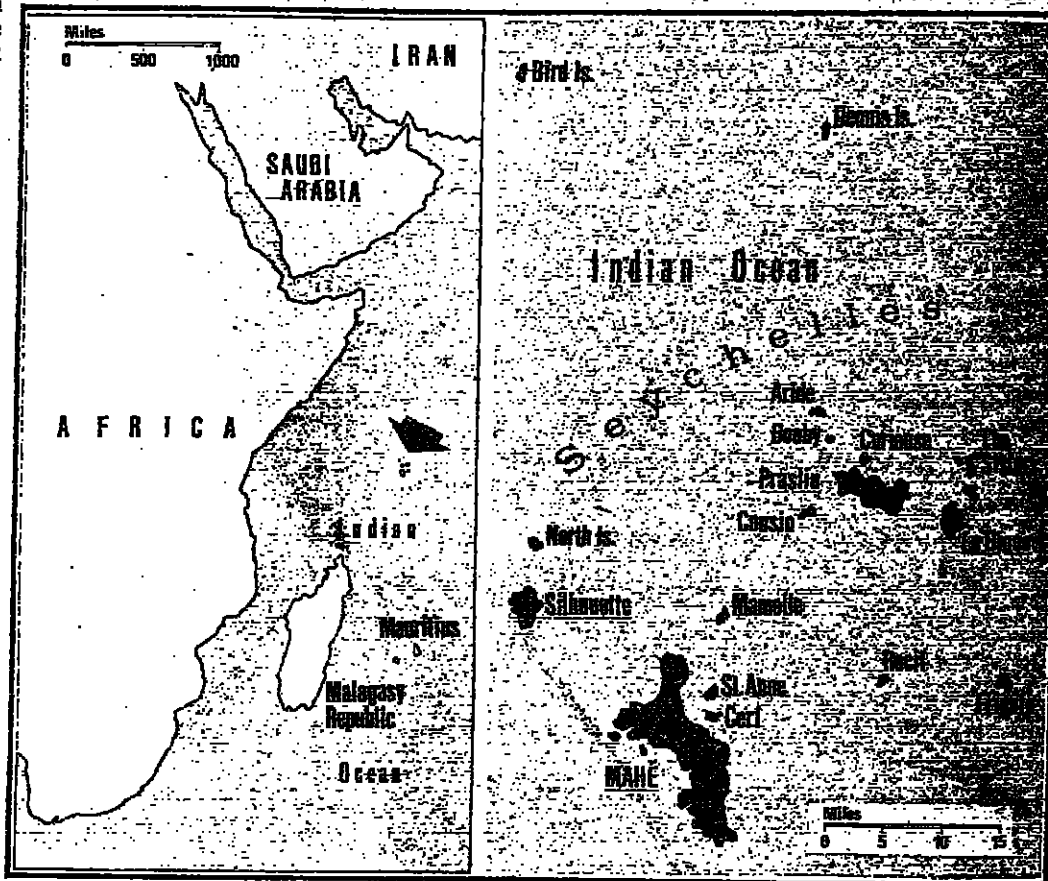
The capital of Mahé, Victoria, is Seychelles' only town. With a population of 13,000 it is a pleasant, bustling place, with some good colonial architecture and a busy market which is open daily. The market traders are open to haggling. From the souvenier stalls near the clock tower — a smaller replica of the one in Vauxhall Bridge Road, London — you can buy shells, tortoiseshell (if you are not too concerned, as many are, by questions of conservation), pieces of coral, beautifully made boxes of local woods. Down the road at Oceanic you can find batik or tie-and-dye materials and dresses. Locally grown spices are another popular purchase.

Also worth a visit in Victoria are the botanical gardens, which display such trees as the breadfruit, flame tree and cannonball, and are a home for a few giant tortoises.

Mahé has over 80 miles of roads, mostly adequate if hilly, but it is worth remembering that many Seychellois have little idea how to drive. A recent issue of the islands' only independent newspaper, *Weekend Life*, contained a whole page of pictures of the previous weekend's crashed cars. The two main passes across the island, Sans Souci and La Misere, open up some spectacular views, and you can visit the island's Tea company plantation on the Sans Souci Road.

Most big hotels lie on the west coast, which also has the best stretch of beach at Beau Vallon, where the Coral Strand and Beau Vallon hotels are situated right at the water's edge. These, together with the Reef on the east side, which has no beach but a rewarding coral reef, and Seychelles night life is the Mahé Beach are the main limited; most hotels have destinations of the package but there are no night clubs.

Also on the west coast are the Fisherman's Cove, the island's most expensive hotel, with excellent service and but the fish is fresh and locally caught and of innumerable varieties — including kingfish, red snapper among others, where Somerset Maugham once wrote a book for the smaller hotels, the Auberge St. Louis in the hills is considered by many to be above Victoria is recommended. Next to Mahé the most popular island is Praslin, which can be reached by air in 20 minutes (£20 return). Here the unique attraction is the Vallée de Mai, the only place on earth where the coco-de-mer grows; meals at hotels; thus Beau



this extraordinary coconut is shaped like the female pelvis and weighs 40-50 lbs. The fact that there is a "male" equivalent has given rise to the legend that it reproduces itself and that it has aphrodisiac qualities. If you want one as a bulky souvenir it will cost around £60.

Praslin is easily visited from Mahé, but those with more time at their disposal may like to visit some of the other outer islands such as La Digue, Bird Island or Cousin. The latter is world-famous as a bird sanctuary, while Bird Island, not unexpectedly, is the home of a wide variety of birds — terns and migratory curlews, wimbrels, etc. About a million pairs of sooty terns arrive on Bird during April and May, breed during the summer and fly away again in November. Several of the islands have small hotels and, sensibly, several of the tour operators offer split centre holidays, with either a week or a few days on one or more of the outer islands.

There is also the sea to explore in Seychelles, gently by a trip in a glass bottomed boat or more actively by scuba diving (lessons are easily arranged) or "goggling" on the coral reefs. The sea around the islands is the home of more than 800 species of fish, while the coral reefs contain numerous beautiful shells. Some form of footwear should be worn to protect against stonefish, whose sting is lethal.

Controlled fishing is also permitted in certain areas, and game fishing expeditions are together with the Reef on the east side, which has no beach but a rewarding coral reef, and Seychelles night life is the Mahé Beach are the main limited; most hotels have destinations of the package but there are no night clubs.

Food is generally of reasonable quality, but not of outstanding quality. Most meat is imported, but the fish is fresh and locally caught and of innumerable varieties — including kingfish, red snapper among others, where Somerset Maugham once wrote a book for the smaller hotels, the Auberge St. Louis in the hills is considered by many to be above Victoria is recommended. Next to Mahé the most popular island is Praslin, which can be reached by air in 20 minutes (£20 return). Here the unique attraction is the Vallée de Mai, the only place on earth where the coco-de-mer grows; meals at hotels; thus Beau

spite of its faults — which include such things as casual service that could be put right by proper training, and an occasional week of heavy rain — all were overcome by the beauty of the place. "You wouldn't want to go to Spain after this, would you," said one.

Of the holidaymakers that I met in Seychelles and on the return journey, all declared their intention to come back. In

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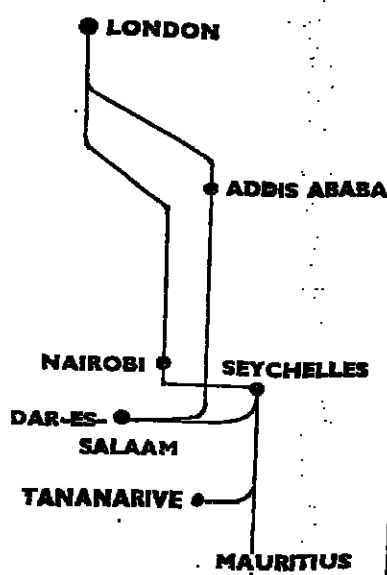
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Handwritten note: "Bill, in 10/11/78"

Financial Times Saturday November 11 1978

Table with multiple columns listing various financial instruments, companies, and their associated values or prices. Includes sections for 'LOCAL AUTHORITY BOND TABLE' and 'BUILDING SOCIETY RATES'.

Table with multiple columns listing various financial instruments, companies, and their associated values or prices. Includes sections for 'CURRENCY, MONEY AND GOLD', 'UK MONEY MARKET', and 'EXCHANGES AND GOLD'.

Table titled 'LOCAL AUTHORITY BOND TABLE' showing interest rates and other financial data for various local authorities.

Table titled 'BUILDING SOCIETY RATES' showing interest rates for various building societies and their associated financial data.

Table titled 'CURRENCY, MONEY AND GOLD' showing exchange rates and other financial data for various currencies and gold.

Table titled 'UK MONEY MARKET' showing interest rates and other financial data for the UK money market.

Table titled 'EXCHANGES AND GOLD' showing exchange rates and other financial data for various exchanges and gold.

Table titled 'CURRENCY MOVEMENTS' showing currency movements and other financial data for various currencies.

Table titled 'EXCHANGE CROSS RATES' showing exchange rates for various currencies and their associated financial data.

Table titled 'U.K. CONVERTIBLE STOCKS 10/11/78' showing convertible stocks and their associated financial data.

OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]



FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978	High	Low	Stock	Price	Yield	Div. %	Yield
55	42	42	Home 1st 100	50	4.1	15.66	
56	42	42	Home 2nd 100	48	4.1	15.66	
57	42	42	Home 3rd 100	46	4.1	15.66	
58	42	42	Home 4th 100	44	4.1	15.66	
59	42	42	Home 5th 100	42	4.1	15.66	
60	42	42	Home 6th 100	40	4.1	15.66	
61	42	42	Home 7th 100	38	4.1	15.66	
62	42	42	Home 8th 100	36	4.1	15.66	
63	42	42	Home 9th 100	34	4.1	15.66	
64	42	42	Home 10th 100	32	4.1	15.66	

BANKS & HP—Continued

1978	High	Low	Stock	Price	Yield	Div. %	Yield
100	100	100	Bank of England	100	4.1	15.66	
101	100	100	Bank of Scotland	100	4.1	15.66	
102	100	100	Bank of Ireland	100	4.1	15.66	
103	100	100	Bank of Wales	100	4.1	15.66	
104	100	100	Bank of Northern Ireland	100	4.1	15.66	
105	100	100	Bank of Cyprus	100	4.1	15.66	
106	100	100	Bank of Greece	100	4.1	15.66	
107	100	100	Bank of Spain	100	4.1	15.66	
108	100	100	Bank of Portugal	100	4.1	15.66	
109	100	100	Bank of France	100	4.1	15.66	
110	100	100	Bank of Italy	100	4.1	15.66	

CHEMICALS, PLASTICS—Cont.

1978	High	Low	Stock	Price	Yield	Div. %	Yield
111	111	111	Chemical Bank	111	4.1	15.66	
112	111	111	Plastics Bank	111	4.1	15.66	
113	111	111	Chemical Bank	111	4.1	15.66	
114	111	111	Plastics Bank	111	4.1	15.66	
115	111	111	Chemical Bank	111	4.1	15.66	
116	111	111	Plastics Bank	111	4.1	15.66	
117	111	111	Chemical Bank	111	4.1	15.66	
118	111	111	Plastics Bank	111	4.1	15.66	
119	111	111	Chemical Bank	111	4.1	15.66	
120	111	111	Plastics Bank	111	4.1	15.66	

ENGINEERING—Continued

1978	High	Low	Stock	Price	Yield	Div. %	Yield
121	121	121	Engineering Bank	121	4.1	15.66	
122	121	121	Engineering Bank	121	4.1	15.66	
123	121	121	Engineering Bank	121	4.1	15.66	
124	121	121	Engineering Bank	121	4.1	15.66	
125	121	121	Engineering Bank	121	4.1	15.66	
126	121	121	Engineering Bank	121	4.1	15.66	
127	121	121	Engineering Bank	121	4.1	15.66	
128	121	121	Engineering Bank	121	4.1	15.66	
129	121	121	Engineering Bank	121	4.1	15.66	
130	121	121	Engineering Bank	121	4.1	15.66	

FOOD, GROCERIES—Cont.

1978	High	Low	Stock	Price	Yield	Div. %	Yield
131	131	131	Food Bank	131	4.1	15.66	
132	131	131	Groceries Bank	131	4.1	15.66	
133	131	131	Food Bank	131	4.1	15.66	
134	131	131	Groceries Bank	131	4.1	15.66	
135	131	131	Food Bank	131	4.1	15.66	
136	131	131	Groceries Bank	131	4.1	15.66	
137	131	131	Food Bank	131	4.1	15.66	
138	131	131	Groceries Bank	131	4.1	15.66	
139	131	131	Food Bank	131	4.1	15.66	
140	131	131	Groceries Bank	131	4.1	15.66	

HOTELS AND CATERERS

1978	High	Low	Stock	Price	Yield	Div. %	Yield
141	141	141	Hotels Bank	141	4.1	15.66	
142	141	141	Caterers Bank	141	4.1	15.66	
143	141	141	Hotels Bank	141	4.1	15.66	
144	141	141	Caterers Bank	141	4.1	15.66	
145	141	141	Hotels Bank	141	4.1	15.66	
146	141	141	Caterers Bank	141	4.1	15.66	
147	141	141	Hotels Bank	141	4.1	15.66	
148	141	141	Caterers Bank	141	4.1	15.66	
149	141	141	Hotels Bank	141	4.1	15.66	
150	141	141	Caterers Bank	141	4.1	15.66	

INDUSTRIALS (Misc.)

1978	High	Low	Stock	Price	Yield	Div. %	Yield
151	151	151	Industrials Bank	151	4.1	15.66	
152	151	151	Industrials Bank	151	4.1	15.66	
153	151	151	Industrials Bank	151	4.1	15.66	
154	151	151	Industrials Bank	151	4.1	15.66	
155	151	151	Industrials Bank	151	4.1	15.66	
156	151	151	Industrials Bank	151	4.1	15.66	
157	151	151	Industrials Bank	151	4.1	15.66	
158	151	151	Industrials Bank	151	4.1	15.66	
159	151	151	Industrials Bank	151	4.1	15.66	
160	151	151	Industrials Bank	151	4.1	15.66	

BRITISH FUNDS

High Low Stock Price Yield Div. % Yield

"Shorts" (Lives up to Five Years)

1978	High	Low	Stock	Price	Yield	Div. %	Yield
161	161	161	British Funds	161	4.1	15.66	
162	161	161	British Funds	161	4.1	15.66	
163	161	161	British Funds	161	4.1	15.66	
164	161	161	British Funds	161	4.1	15.66	
165	161	161	British Funds	161	4.1	15.66	
166	161	161	British Funds	161	4.1	15.66	
167	161	161	British Funds	161	4.1	15.66	
168	161	161	British Funds	161	4.1	15.66	
169	161	161	British Funds	161	4.1	15.66	
170	161	161	British Funds	161	4.1	15.66	

Five to Fifteen Years

1978	High	Low	Stock	Price	Yield	Div. %	Yield
171	171	171	British Funds	171	4.1	15.66	
172	171	171	British Funds	171	4.1	15.66	
173	171	171	British Funds	171	4.1	15.66	
174	171	171	British Funds	171	4.1	15.66	
175	171	171	British Funds	171	4.1	15.66	
176	171	171	British Funds	171	4.1	15.66	
177	171	171	British Funds	171	4.1	15.66	
178	171	171	British Funds	171	4.1	15.66	
179	171	171	British Funds	171	4.1	15.66	
180	171	171	British Funds	171	4.1	15.66	

Over Fifteen Years

1978	High	Low	Stock	Price	Yield	Div. %	Yield
181	181	181	British Funds	181	4.1	15.66	
182	181	181	British Funds	181	4.1	15.66	
183	181	181	British Funds	181	4.1	15.66	
184	181	181	British Funds	181	4.1	15.66	
185	181	181	British Funds	181	4.1	15.66	
186	181	181	British Funds	181	4.1	15.66	
187	181	181	British Funds	181	4.1	15.66	
188	181	181	British Funds	181	4.1	15.66	
189	181	181	British Funds	181	4.1	15.66	
190	181	181	British Funds	181	4.1	15.66	

Undated

1978	High	Low	Stock	Price	Yield	Div. %	Yield
191	191	191	British Funds	191	4.1	15.66	
192	191	191	British Funds	191	4.1	15.66	
193	191	191	British Funds	191	4.1	15.66	
194	191	191	British Funds	191	4.1	15.66	
195	191	191	British Funds	191	4.1	15.66	
196	191	191	British Funds	191	4.1	15.66	
197	191	191	British Funds	191	4.1	15.66	
198	191	191	British Funds	191	4.1	15.66	
199	191	191	British Funds	191	4.1	15.66	
200	191	191	British Funds	191	4.1	15.66	

INTERNATIONAL BANK

High Low Stock Price Yield Div. % Yield

CORPORATION LOANS

1978	High	Low	Stock	Price	Yield	Div. %	Yield
201	201	201	Corporation Loans	201	4.1	15.66	
202	201	201	Corporation Loans	201	4.1	15.66	
203	201	201	Corporation Loans	201	4.1	15.66	
204	201	201	Corporation Loans	201	4.1	15.66	
205	201	201	Corporation Loans	201	4.1	15.66	
206	201	201	Corporation Loans	201	4.1	15.66	
207	201	201	Corporation Loans	201	4.1	15.66	
208	201	201	Corporation Loans	201	4.1	15.66	
209	201	201	Corporation Loans	201	4.1	15.66	
210	201	201	Corporation Loans	201	4.1	15.66	

COMMONWEALTH & AFRICAN LOANS

1978	High	Low	Stock	Price	Yield	Div. %	Yield
211	211	211	Commonwealth & African Loans	211	4.1	15.66	
212	211	211	Commonwealth & African Loans	211	4.1	15.66	
213	211	211	Commonwealth & African Loans	211	4.1	15.66	
214	211	211	Commonwealth & African Loans	211	4.1	15.66	
215	211	211	Commonwealth & African Loans	211	4.1	15.66	
216	211	211	Commonwealth & African Loans	211	4.1	15.66	
217	211	211	Commonwealth & African Loans	211	4.1	15.66	
218	211	211	Commonwealth & African Loans	211	4.1	15.66	
219	211	211	Commonwealth & African Loans	211	4.1	15.66	
220	211	211	Commonwealth & African Loans	211	4.1	15.66	

LOANS Public Board and Ind.

1978	High	Low	Stock	Price	Yield	Div. %	Yield
221	221	221	Loans Public Board and Ind.	221	4.1	15.66	
222	221	221	Loans Public Board and Ind.	221	4.1	15.66	
223	221	221	Loans Public Board and Ind.	221	4.1	15.66	
224	221	221	Loans Public Board and Ind.	221	4.1	15.66	
225	221	221	Loans Public Board and Ind.	221	4.1	15.66	
226	221	221	Loans Public Board and Ind.	221	4.1	15.66	
227	221	221	Loans Public Board and Ind.	221	4.1	15.66	
228	221	221	Loans Public Board and Ind.	221	4.1	15.66	
229	221	221	Loans Public Board and Ind.	221	4.1	15.66	
230	221	221	Loans Public Board and Ind.	221	4.1	15.66	

FOREIGN BONDS & RAILS

High	Low	Stock	Price	Yield
231	17	Antiochiana Bk	22 1/2	—
232	53	Bo 50 Pwr	21	—
41	38	Calumet Mines	28	13 10
151	350	Central Am. Bk	41 1/2	4 1/2
54	46	Cheney Twp. Bk	50	17 20
51	46	Cheney Twp. Bk	49	16 24
44	41	Danby Mfg Co	40	15 15

MAN OF THE WEEK

Judge and accused

BY QUENTIN PEEL

JOHANNESBURG, Nov. 10. WHEN Judge Anton Mostert was appointed last December as a one-man commission of inquiry into currency smuggling in South Africa, his friends and colleagues smiled knowingly. Barely two years after his appointment to the bench—at the age of 44, one of the youngest judges in South African history—he was already frustrated with the sedentary life, and was seeking some excitement. They surmised. They certainly did not expect him to succeed so spectacularly.

As it is, Judge Mostert's publication of explosive evidence about the clandestine activities of the former department of in-



Anton Mostert
loyalty and defiance

formation, in defiance of a personal appeal by Mr. P. W. Botha, the Prime Minister, and the subsequent abrupt termination of his commission by Mr. Botha, have transformed him overnight into a household name.

Only last week the local press could not even remember when his commission was appointed. In the last few days he has had to appeal to over-enthusiastic journalists to allow him some privacy and leave his family in peace.

The transformation is all the more remarkable, given the judge's background. His appointment to the bench was seen as a political appointment, for he was an unassuming Government supporter. Among his regular roles as an advocate was the representation of Perskor, one of the two dominant nationalist newspaper groups, in court cases.

The youngest of 11 children in an Afrikaner farming family, struggling to make ends meet in the depression years near the utterly unremarkable eastern Transvaal town of Swartburg, Anton Mostert moved with them to Johannesburg's unfashionable southern suburbs, where he attended an English-language high school. Later as a student at the University of the Witwatersrand, he threatened the authorities with a Supreme Court action for compelling students to join the Liberal National Union of South African Students (NUSAS), thus allowing more conservative organisations to be established.

His career has, however, revealed a consistently independent outlook which finally cast him in the role of one-man maverick challenging the ruling Afrikaner establishment. A corporate finance specialist, he was particularly known for publication and censorship cases. The irony of Judge Mostert's position is one which goes to the heart of the Afrikaner dilemma over allegations of corruption and the misappropriation of public money. The Afrikaner establishment is deeply divided between those who would root out such corruption at all costs, and those for whom party solidarity and the unity of the "Volke" is paramount.

U.S. will not block arms sales to China

BY DAVID BUCHAN

WASHINGTON, Nov. 10.

THE U.S. has told its major European allies that it will no longer try to block their arms sales to China. This effectively opens up an important new export market at a time when the Peking Government has been scouring the West for modern military technology.

The first concrete step taken under the new policy was the recent U.S. agreement to a proposed sale by Britain of diesel engines for Chinese coast guard ships. Other and more important, proposed sales to China which are now likely to win American acquiescence are the Harrier fighter aircraft and French anti-aircraft missiles.

Vice-President Wang Chen of China visited the British Aerospace factory at Dunsford in Surrey this week, where he saw a demonstration of the Hawker Harrier jump jet fighter, the Sea Harrier, the Harrier GR Mark 3, and the Hawk.

However, American policy not

to sell any U.S. arms to China or to the Soviet Union remains unchanged, and the green light to NATO and Japan applies only to "defensive" weapons.

Arms or defence-related sales by the U.S. to NATO allies and Japan to the Soviet bloc countries and China are monitored by an inter-allied co-ordinating committee known as COCOM. In the past, the U.S. has used its voice on this committee to block sales to China by other Western countries.

But even with the change in U.S. policy, sales to China may not be removed altogether from COCOM consideration. The U.S. is still opposed to sales of "offensive" weapons that could threaten China's neighbours such as Taiwan or Russia, or which could destabilise the military balance in the Far East.

U.S. officials stress that the F-5 aircraft which is considered new attitude of the Carter Administration does not go as far as actively encouraging arms

sales by other countries to China. But the policy coincides with a steady stream of high-level visits to Peking.

In little over a year, Mr. Cyrus Vance, the Secretary of State, Mr. Zbigniew Brzezinski, the National Security Adviser, Mr. James Schlesinger, the Secretary for Energy, and Mr. Bob Bergland, the Secretary of Agriculture, have all made trips to the Chinese capital.

The Administration is normalising relations with Peking as fast as it dares, without being seen to ditch its ties with Taiwan too abruptly.

Even so, President Carter recently delivered something of a diplomatic slight to Taiwan when he overruled recommendations by the State and Defence Departments, and offered to sell the Taiwanese a version of the F-5 aircraft which is considered less sophisticated than the one the Taipei government had sought.

Zaire aid package must await economy pact with IMF

BY GILES MERRITT

BRUSSELS, Nov. 10.

THE ZAIRE Government has been refused a new aid package by a consortium of the main industrialised countries until it agrees to stringent economic measures which must be negotiated with the International Monetary Fund.

Aid, expected to be voted by the Belgian-backed 12-nation Zaire "club" set up last summer after the Shaba crisis, is not to be made available until at least next March, when a further meeting of the consortium is to be held in Washington.

Meanwhile, the economic recovery plan prepared by President Mobutu's Government is to be the subject of fresh talks with an IMF mission that will arrive in Zaire before the end of November. According to the aid consortium's Belgian president, Mr. Andre Ermenant, the new negotiations are likely to last for three or four months.

The refusal of the consortium countries to grant additional funds to the \$80m emergency

aid they voted in June emerged here tonight at the end of a two-day conference. It was attended by IMF, World Bank and EEC Commission representatives, as well as members of the consortium, which in addition to Belgium and Zaire, includes the U.S., Britain, Japan, Canada, France and West Germany.

Although U.S. officials have been making it clear from the first day of the conference that additional aid would probably not be available at present, the consortium's decision to postpone a second aid package is believed here to complicate the Carter Administration's policy ambitions in central Africa.

The U.S. is anxious to encourage the rapprochement between Zaire and Angola which has developed lately, despite the incursion last May of Angola-backed troops into the copper-mining province of Shaba, in the hope of re-establishing some Western influence in the area. Until the aid consortium re-

convenes in Washington, Zaire will be expected to draw on the remainder of its original \$80m emergency package, which consists partly of funds and partly of goods. It is understood that about \$60m of that total has been spent, although there have also been reports that some of the consortium countries have yet to make good their commitments.

With Zaire's total external debt estimated at \$3bn, and with unpaid interest payments standing at \$700m and \$800m, it is thought unlikely that the Mobutu Government could negotiate any intermediate borrowings.

At the first meeting of the aid consortium in June, Zaire asked for new long-term investments totalling \$1bn, for its transport, mining, and agricultural sectors. That investment programme was presented at the latest Brussels talks, but Zaire has been told to revise its plans further and present them again in Washington next year.

Varley may bar Communist

BY JOHN LLOYD

THE GOVERNMENT is believed to be reluctant to appoint an elected workers' representative to the board of the Post Office—because he is a member of the Communist Party of Great Britain.

Mr. Leonard Willett, a member of the national executive of the Post Office Engineering Union, was elected to one of the two seats reserved for his union on the 19-strong board at a special delegate conference on September 16. The voting was 57,000 to 20,000 in his favour.

The vacancy arose because one of the two original board members, Mr. Arthur Simper, also an NEC member, died in August. The union's other member is Mr. Peter Shaw, the head of its research section.

Unions choose seven of the board members. Their confirmatory appointment by Mr. Eric Varley, the Industry Secretary, is generally regarded as a formality.

However, in Mr. Willett's case it is thought that Mr. Varley is reluctant to confirm the selection, and, further, that the Prime Minister, who has been made aware of the situation, is similarly cautious.

Mr. Willett said yesterday that he was "very concerned about the matter. The union had lacked full representation for nearly eight weeks, and he would be taking steps to find out what was delaying his appointment.

If it were the case that the Government did not wish to confirm it "that would make non-

sense of the whole idea of industrial democracy."

Mr. Willett added that he had not supported the idea of a new-style board, and would maintain a critical attitude towards it if he became a member. However, he wished to represent the interests of his union members.

The Department of Industry has said that confirmation of an appointment could take some weeks. Prospective members would be barred only if they were "a very obvious security risk."

The duties of nationalised industry board members were defined by statute, and the Secretary of State has to take into account, for example, possible conflicts of interest.

Asda bid may lift dividend by 664%

BY ANDREW TAYLOR

SHAREHOLDERS of Associated Dairies will get a 664 per cent dividend increase if the group's merger with Allied Retailers, the carpets and furniture group, succeeds.

Asda has sidestepped dividend controls by forming a holding company, Associated Dairies Group, to look after the interests of both concerns. Under dividend control regulations the new group will be free from dividend restraint for the next two years.

Under the terms of the deal, announced yesterday, Allied shareholders will get an 8 per cent stake in the new holding group, and in addition will receive £20m cash. Of this Mr. Harold Plotnik, the chairman and founder of Allied, will get about £2m.

Mr. Noel Stockdale, Asda's chairman, said last night that Allied would continue to be run as a separate business, although the merger would rationalise between Allied's Williams furniture stores and the Wades furniture business which Asda bought two months ago for £5.6m.

The group had previously sold its carpet business, but had looked for some time for a home for its cash balances, £24m in the last balance sheet.

Retail outlets

Asda has made its reputation with its chain of food-dominated supermarkets, mainly in the north, which sell a significant proportion of general household goods, about 20 per cent of sales. Mr. Stockdale said there was an intention of selling furniture and carpets in the group's supermarkets.

The deal would provide opportunities for Allied to expand its retail outlets. Allied's carpet business operates largely in London and the Midlands.

The two groups have combined net assets of £64.1m. Allied will bring Asda 43 carpet stores and 75 furniture outlets, as well as its eight UKAY furniture department stores, developed in the last two years.

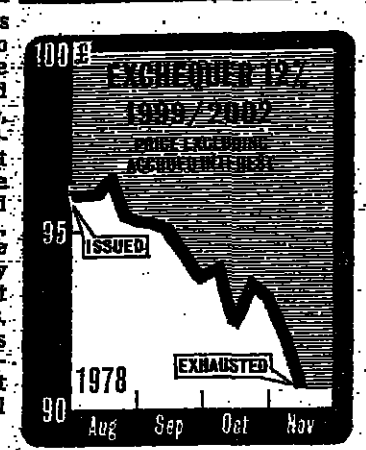
Last night Allied's share price, having been suspended at 115p, climbed to 138p, while Asda shares were up 4p to 125p. This would result in a market capitalisation of just over £200m for the new group.

The Treasury has not opposed the deal or the dividend increase. Shareholders of Asda will get a net dividend for the year of 5p as a result of the merger. But there is speculation that the Treasury may be becoming disturbed at the recent incidence of new holding groups formed as a possible means of avoiding dividend restraint.

THE LEX COLUMN

Short tempers and the long tap

Index rose 1.5 to 473.2



Thursday's jump in M.L.R. has certainly got the gilt-edged market moving, even if only downwards for the moment—the FT Government Securities Index slipped 0.14 yesterday to a year's low of 67.92. The Government broker had refused to supply the long tap, Exchequer 12 per cent 1999, 2002, on Thursday afternoon at 94, perhaps for fear that the monetary targets, which had then not yet been announced, might upset the market, but he sold up to £500m yesterday morning to exhaust the tap at 93. This presented the jobbers who had built up short positions in the stock at 94, with a handsome profit and led the market 4 point lower to the yield level of the exhausted tap.

To say that the brokers were furious would, in many cases, be putting it mildly. Many of them had bought stock for their clients on Thursday and were amazed to see the price subsequently falling away in the absence of any apparent sellers.

In the circumstances some brokers were inclined to argue, rightly covered any immediate that there had been a false funding requirements it may market in the long tap. But the have had. But M.L.R. at 12 per cent of this particular game cent is presumably intended to be well known and the brokers have a broader impact than were aware that their clients this, and there is little to suggest were taking a gamble on the gest that it is a short-term level at which the Government measure.

John Brown

John Brown had over £15m of cash and £61m of virtually policy of supplying in blocks of unsecured shareholders' funds in £50m/£100m at rising prices the last balance sheet, and its rather than remaindering his cash flow will more than cover spending on fixed assets and working capital this year. So its announced yesterday afternoon £161m rights issue, announced, but the market failed to pick yesterday, may raise a few eyebrows.

No replacement stock was announced yesterday afternoon. The explanation starts with the fact that Brown wants to acquire a significant new source of profits. There seems to be a number of stocks as unofficial taps. It may take a few days for the market to absorb this—gas turbines and process engineering—and there is a lot still to be done with its third main interest, machine tools, store operation can absorb it money supply, and probably the official Treasury economic forecasts as well.

The demand for the exhausted tap shows that the long-term institutions are now seriously committing themselves to their end of the gilt market. But the shorts, despite some years by companies anxious to switch into the short-term medium tap at 88 yesterday, are earnings. All the same, Brown Asda accepts it probably will yield curve is flatter than ever, enhance its market status.

The banks are inhibited from buying stock by the corset and the building societies by their declining liquidity.

The most positive outcome of yesterday's trading is that the Government has convinced brokers were inclined to argue, rightly covered any immediate that there had been a false funding requirements it may market in the long tap. But the have had. But M.L.R. at 12 per cent of this particular game cent is presumably intended to be well known and the brokers have a broader impact than were aware that their clients this, and there is little to suggest were taking a gamble on the gest that it is a short-term level at which the Government measure.

Asda/Allied Retailers

When dealing responses yesterday Allied Retailers shareholders found they had done very well out of the Associated Dairies takeover. But Asda shareholders, apart from the promise of a 664 per cent increase in the dividend, have very little to show for the deal. Effectively £10m of extra capitalisation for Allied Retailers has come out of the pockets of Asda shareholders. But the impact seems to have been offset by the dividend arrangements.

There is little or no claim that industrial synergy will result from the marriage of food to carpets. The factors behind the deal are much more mundane. To start with, Asda's generating cash far quicker than its fast-maturing super-tapes—trade figures, earnings, main interest, machine tools, store operation can absorb it money supply, and probably the official Treasury economic forecasts as well.

Plenty of did acquisitions have been made in the past few years by companies anxious to improve the "quality" of their medium tap at 88 yesterday, are earnings. All the same, Brown Asda accepts it probably will yield curve is flatter than ever, enhance its market status.

Weather

UK TODAY

MAINLY DRY. Fog patches early and late.
London, S. England, E. Anglia, Midlands.
Dry fog early and late, some brighter spells. Max 15C (59F).
Channel 15.
Mainly dry, sunny. Max 16C (61F).

BUSINESS CENTRES

City	Yday	Today
Amsterdam	12.25	12.25
London	12.25	12.25
Paris	12.25	12.25
Frankfurt	12.25	12.25
Berlin	12.25	12.25
Munich	12.25	12.25
Zurich	12.25	12.25
Geneva	12.25	12.25
Brussels	12.25	12.25
Stockholm	12.25	12.25
Copenhagen	12.25	12.25
Helsinki	12.25	12.25
Oslo	12.25	12.25
Stockholm	12.25	12.25
Copenhagen	12.25	12.25
Helsinki	12.25	12.25
Oslo	12.25	12.25

E. and N. England, Wales, I. of Man, S. Scotland, N. Ireland

Cloudy, some rain. Max 13C (55F).
N. Scotland, Scottish Islands
Mainly dry, bright intervals. Max 9C (48F).
Outlook: Rain in N. and W. spreading S.E.

HOLIDAY RESORTS

City	Yday	Today
Amsterdam	12.25	12.25
London	12.25	12.25
Paris	12.25	12.25
Frankfurt	12.25	12.25
Berlin	12.25	12.25
Munich	12.25	12.25
Zurich	12.25	12.25
Geneva	12.25	12.25
Brussels	12.25	12.25
Stockholm	12.25	12.25
Copenhagen	12.25	12.25
Helsinki	12.25	12.25
Oslo	12.25	12.25
Stockholm	12.25	12.25
Copenhagen	12.25	12.25
Helsinki	12.25	12.25
Oslo	12.25	12.25

TUC

doubt that Mr. Callaghan will shift at all from the Government's tough line on wage settlements and automatic sanctions against offending companies.

Yesterday's meeting of Mr. Denis Healey, the Chancellor, and other economics Ministers with TUC members of the National Economic Development Council, minus Mr. Moss Evans of the Transport Workers—was to iron out the wording on two troublesome areas: Low pay and the relation between the private sector and the public services.

Mr. Len Murray, TUC general secretary, and the rest of the "Neddy Six" will on Tuesday report first to the TUC economic committee and then the whole general council.

The CBI yesterday said that the great majority of settlements reported to it were within the 5 per cent limit, but that there was still a marked reluctance to settle. Many powerful industrial groups such as Ford workers were already negotiating above the limit.

Cognac

What the stars don't foretell

HINE ★★ de luxe
The number of stars on a bottle doesn't tell you much about the quality of the contents, but the name on the label can mean a great deal. Taste Hine ★★ de luxe and you will immediately know you are drinking a Cognac of quality and distinction, stars notwithstanding.

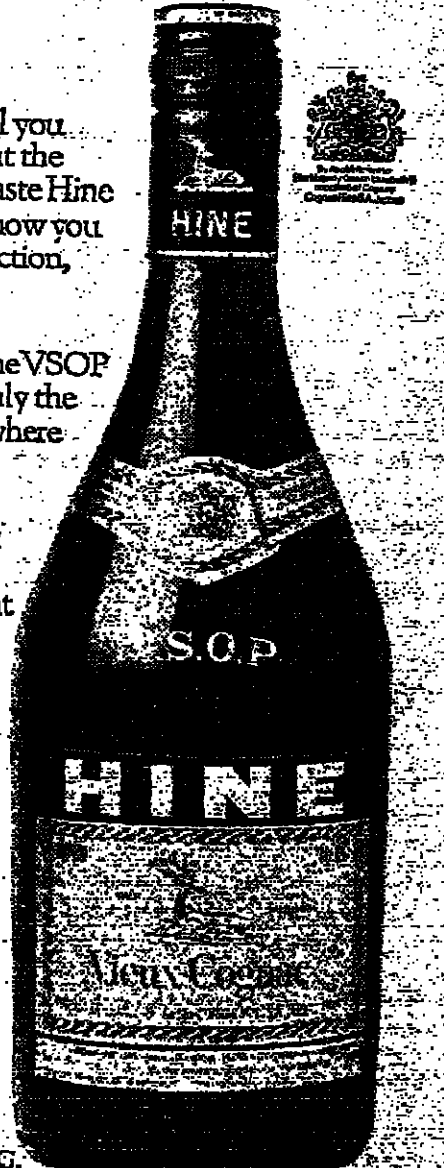
HINE VSOP
If stars counted for anything, long-aged Hine VSOP would command a constellation. This is truly the Connoisseurs' Cognac, appreciated everywhere for its depth and subtlety.

HINE "ANTIQUE"
A star of the first magnitude in the Cognac firmament. Rare, costly and distinctively packed to make it a flattering gift—a present you may prefer to give yourself.

HINE "OLD VINTAGE"
Only small quantities of this superb ancient Grande Champagne Cognac are produced, and the price is inevitably astronomical. Ownership guarantees a veritable galaxy of friends!

Hine
The Connoisseurs' Cognac

For an informative leaflet on Cognac, send a postcard to Dept. FT, 5th Floor, 1 Oxendon Street, London SW1Y 4EG.



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